



XXI
2012

BILLET D'ÉTAT

WEDNESDAY 31st OCTOBER 2012

1. Projet de Loi entitled "The Road Traffic (Compulsory Third-Party Insurance) (Amendment) (Guernsey) Law, 2012", p. 2023
2. The Income Tax (Guernsey) (Amendment) (No.2) Ordinance, 2012, p. 2023
3. The Income Tax (Guernsey) (Approval of Agreement with Turkey) Ordinance, 2012, p. 2023
4. Social Security Department – Benefit Rates for 2013,^a p. 2024
5. Commerce and Employment Department – Aircraft Registry, p. 2060
6. Environment Department – Environmental Pollution (Guernsey) Law, 2004, Part VI – Water Pollution, p. 2068

APPENDIX

1. Home Department - Office of the Data Commissioner Annual Report 2011, p. 2080

^aAccompanying Ordinances entitled:

"The Social Insurance (Rates of Contributions and Benefits, etc) Ordinance, 2012"

"The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2012"

"The Health Service (Benefit) (Amendment) Ordinance, 2012"

"The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2012"

"The Supplementary Benefit (Implementation) (Amendment) (No 2) Ordinance, 2012"

"The Family Allowances Ordinance, 2012"

"The Attendance and Invalid Care Allowances Ordinance, 2012"

B I L L E T D ' É T A T

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **31st OCTOBER, 2012**, at 9.30am, to consider the items contained in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey
21 September 2012

PROJET DE LOI

entitled

**THE ROAD TRAFFIC (COMPULSORY THIRD-PARTY INSURANCE)
(AMENDMENT) (GUERNSEY) LAW, 2012**

The States are asked to decide:-

I.- Whether they are of the opinion to approve the draft Projet de Loi entitled “The Road Traffic (Compulsory Third-Party Insurance) (Amendment) (Guernsey) Law, 2012” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE INCOME TAX (GUERNSEY) (AMENDMENT) (NO.2)
ORDINANCE, 2012**

The States are asked to decide:-

II.- Whether they are of the opinion to approve the draft Ordinance entitled “The Income Tax (Guernsey) (Amendment) (No.2) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.

**THE INCOME TAX (GUERNSEY) (APPROVAL OF AGREEMENT
WITH TURKEY) ORDINANCE, 2012**

The States are asked to decide:-

III.- Whether they are of the opinion to approve the draft Ordinance entitled “The Income Tax (Guernsey) (Approval of Agreement with Turkey) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.

SOCIAL SECURITY DEPARTMENT

BENEFIT RATES FOR 2013

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

14th August 2012

Dear Sir

Executive Summary

1. This report contains recommendations for contributory social insurance and contributory long-term care insurance benefit rates and the non-contributory benefit rates, funded from general revenue, to take effect from January 2013. The report also contains recommendations in relation to the minimum age threshold for bereavement allowance, the supplementary benefit limitation and maximum rent allowances.
2. The timing of this report allows the proposals contained within it to be considered at the same States meeting as the Treasury and Resources Department's Budget proposals for 2013. The Department's proposals for contribution rates to apply from January 2013 will be considered at the September 2012 States meeting.

Introduction

3. In its September 2012 contribution uprating report, the Department explained that it had worked with the Treasury & Resources Department to investigate how the Social Security Department could delay the submission of its 2012 benefit and contribution uprating report so that it coincided with the budget debate which was being brought forward to October 2012.
4. The two Departments recognised that there was not sufficient time after the October 2012 States meeting for the Social Security Department to perform the numerous contribution-related processes that have to be carried out before the new rates can apply from January 2013. However, the two Departments agreed that there was sufficient time after the October States debate to perform the benefits-related processes that have to be carried out before the new rates can apply from January 2013.

5. As a result, the States will consider the Social Security Department's proposals on social insurance contribution rates for 2013 at the September 2012 States meeting. This report sets out the Department's proposals on the rates of contributory social insurance and contributory long-term care insurance benefit rates and the non-contributory benefit rates, funded from general revenue, for 2013. This enables the States to consider all major expenditure for 2013 in a single States meeting.
6. In recent years the Department's benefit uprating policy for the benefits financed from contributions has been to increase benefit rates at the mid-point of the increase in RPIX (prices) and the increase in earnings. This is based on a Government Actuary assumption that, over the long-term, earnings will exceed prices by approximately 2% per year. The Department's benefit uprating policy has, therefore, in recent years been given effect through applying increases of RPIX plus 1%.
7. In 2005 the single person's old age pension was £139 per week and in 2011 it was £179.69. The six year increase was therefore approximately 29%. The Policy Council's Policy and Research unit has confirmed that over the same period the movement in nominal median earnings was approximately 24% (shown below). The old age pension uprating over the last six years has, therefore, exceeded the mid-point of prices and earnings and has exceeded the movement in earnings.

Year	Nominal median earnings (£s)	Real median earnings (£s) 2011 prices	Annual percentage change in real median earnings (%)
2005	22,880	27,351	
2006	23,660	27,083	-1.0
2007	24,960	27,236	0.6
2008	26,130	28,186	3.5
2009	27,040	28,528	1.2
2010	27,430	28,301	-0.8
2011	28,340	28,340	0.1

NB: Although RPIX is the preferred measure of inflation, RPI has been used in this instance as that is what is available to the Policy Council for any time series beyond a few years. Over a period of six years it is believed that there is no material difference between the two indices.

8. In light of the fact that old age pension uprating over the last six years has exceeded the movement in earnings and taking into account current economic circumstances, the Department is proposing increases of approximately 3.6% for the contributory (contribution based) social insurance and long-term care insurance benefits, being 0.5% ahead of the June 2012 RPIX figure of 3.1% . The Department is recommending increases of approximately 3.1% for the non-contributory benefits funded from general revenue.

9. It should be noted that the actuarial reviews for the Guernsey Insurance Fund and the Long-term Care Insurance Fund up to 2009 (Billet d'Etat XV of 2011) showed that the current contribution rates are inadequate to finance those schemes in the long-term.

Key Recommendations

The Department is recommending a number of changes and the key ones are set out below:-

- the removal of the lower age limit for entitlement to bereavement allowance (paragraphs 38 to 46).
- an increase in the prescription charge of 10p, taking the cost of a prescription to £3.20 per item from 1 January 2013 (paragraph 57).
- an above RPIX increase in the benefit limitation which applies to supplementary benefit, taking it from £450 per week to £500 per week from 4 January 2013 (paragraphs 95 to 100).
- an increase in the supplementary fuel allowance from £27.09 to £27.93 per week for the 27 week period commencing from the last week in October 2012 (paragraphs 107 to 108).
- the introduction of maximum rent allowances for single people, couples and people living in shared accommodation (paragraphs 110 to 118).
- an increase in family allowance from £15.40 per week to £15.90 per week from 7 January 2013 (paragraphs 120 to 121).

REPORT

PART I SOCIAL INSURANCE

Income and expenditure on Guernsey Insurance Fund

10. At the July 2009 States meeting, the Department reported on the future financing of the contributory social security schemes (Billet d'Etat XXI of 2009). The States approved the majority of the Department's proposals, but did not approve the proposed increase of 0.5% in the contribution rate paid by employers. This proposal would have increased the current rate from 6.5% of earnings to 7.0% of earnings and played a key part in a package of measures aimed at securing the long-term financing of the contributory social security schemes. Updated information now indicates that the necessary increase in contribution rates of 1.7% would be needed to balance income and expenditure immediately as explained in paragraphs 12 to 15 overleaf.

11. The Guernsey Insurance Fund accounts for 2011 are shown below.

2011 Guernsey Insurance Fund Accounts	
Income from contributions	£92.32m
Income from States Grant	£13.84m
Total (excluding investment income)	£106.16m
Total benefit expenditure and administration	£108.95m
Operating deficit	£2.79m
Depreciation (mainly IT systems)	£1.16m
Total operating deficit	£3.95m

Financial sustainability of Guernsey Insurance Fund

12. For the last 3 years the Department has explained that it is keen to put in place the necessary measures to ensure the long-term sustainability of the Guernsey Insurance Fund. At the request of the Policy Council's Fiscal and Economic Policy Group, the Department has continued to await the resolution of the second phase of Zero-10 before bringing forward any further proposals on changes to contribution rates. That process has become extended and the absence of the 0.5% which had been recommended in July 2009 as an increase to the employer contribution is resulting in the Fund foregoing £6m per year in contribution income.
13. The Social Security Minister is now a member of the Fiscal and Economic Policy Group. The Department's Chief Officer also attends meetings of that group. This is a development which will assist greatly in viewing the combined effects of tax and social security contributions and the opportunities for adjustments to either or both of those main sources of public revenue. The Social Security Department will retain full responsibility for recommendations regarding contribution rates.
14. As reported in the Department's 2011 benefit uprating report (Billet d'Etat XV of 2011), the Government Actuary's Department now shows that an increase in the employer's contribution rate of 1.7% would be required to take the Guernsey Insurance Fund out of annual deficit for the next few years and to slow the draw-down on the fund in the longer term. The increase in the additional contribution rate required is a result of a substantially increased life expectancy assumption based on observed trends. Between the 2003 and 2009 actuarial reviews, the assumed life expectancy at 60 increased by nearly 4 years (to 27.6 years for men and 30 years for women).
15. The increased longevity has added significance with projections that use the assumption of a constant level of population, which is the States policy. This is because the model assumes that the population is kept constant through a reduction of people of working age rather than pensioners. This estimated increase in the contribution rate highlights the importance of addressing the

funding issue without further delay. It should be noted that there are similar issues with the contribution rates for long-term care insurance, which are referred to in paragraphs 77 to 81 of this report. In view of these fiscal activities involving the Department and the Policy Council, the Department believes that it is entirely appropriate at this time to link the proposed uprating to RPIX rather than recommending any relative reductions in benefits.

States Grants to Funds

16. The Guernsey Insurance Fund currently receives a grant from general revenue equal to 15% of the total amount collected in contributions. The Guernsey Health Service Fund receives a similar grant equal to 12% of the contributions collected for that Fund. The Department is not recommending any change in the level of the States grants for 2013.
17. The estimated costs to general revenue for the States grants to the two funds is shown below.

Fund	General Revenue Grant	General Revenue Grant
	2013	2012
Guernsey Insurance Fund	£14,900,000	£14,360,000
Guernsey Health Service Fund	£4,495,000	£4,335,000
	£19,395,000	£18,695,000

Number of pensioners

18. At the end of April 2012, the Department was paying pensions to 15,916 pensioners worldwide. In 2011, benefit expenditure on old age pensions amounted to £86.69m and constituted 83% of the total expenditure of £104.85m on social insurance benefits.

Number of people unemployed

19. Using the International Labour Organisation's definition of unemployed, which excludes anybody on a government training scheme (such as the Community and Environmental Projects Scheme) and anybody who carries out at least one hour's paid work in a week (which could be the case for someone claiming supplementary benefit as a jobseeker), the number of unemployed at the end of April 2012 was 435 or 1.33% of the working population. Using local benefit definitions, there were 633 jobseekers at the end of April 2012, which is 1.94% of the working population. This included 329 people claiming contributory unemployment benefit and 106 people without entitlement to the contributory unemployment benefit but receiving supplementary benefit. 163 of these were in part-time or casual employment.

A further 35 people were temporarily employed on the Community and Environmental Projects Scheme or other form of training scheme.

20. The Department continues to work closely with the Housing Department to ensure that employers seeking short-term housing licences engage with the Job Centre as part of their recruitment process. In the 2011 benefit uprating report the Department explained that it was undertaking a tender exercise with a view to contracting with professional recruitment consultants to work with jobseekers. The Department is pleased to report that a Job Centre Support Contract was awarded to Personnel Appointments Ltd and Advantage HR which commenced in March 2012. The contract was awarded for 6 months with an option to extend for a further 18 months.
21. In previous benefit uprating reports the Department has reported on the activities carried out at its training centre on the Raymond Falla House site in St Martin's. "Get into..." courses aimed at young people with significant barriers to employment were delivered on the site in 2011. The Department is pleased to report that out of the 18 people who completed courses, 15 went on to undertake a work placement of which 9 secured work. Given the significant barriers to employment faced by these young people, the Department is delighted that half of those that completed courses obtained work. Further courses will be delivered and it is hoped that this approach will continue to identify young people with an aptitude for particular trades which will lead to employment and generate additional interest in the Education Department's apprenticeship scheme.
22. In its 2011 benefit uprating report (Billet d'Etat XV of 2011), the Department explained how, together with the College of Further Education, it was developing a food and retail skills shop on the Admiral Park site. The intention being to raise the profile of the food and retail sectors in order to encourage more recruitment of local jobseekers. The Department is pleased to report that the food and retail skills shop is now fully operational and that a regular programme of courses aimed at jobseekers is being delivered. The Department and the College of Further Education are reviewing the courses offered on a regular basis to ensure that they continue to meet the needs of employers and jobseekers. The Department is also exploring how it can further utilise the food and retail skills shop to help employers meet their recruitment needs. A sample course programme that has been delivered is set out below:

Weekly courses	Fortnightly courses
• CV writing	• WorldHost
• Interview techniques	• Barista and bar work
• Presenting yourself positively	• Level 1 food hygiene
• Confidence building	• Kitchen skills
• Communication skills	

23. The programme of courses being delivered through the food and retail skills shop is the latest development in the Department's various initiatives aimed at encouraging and supporting people back into work. The Department is pleased that Waitrose has made the food and retail skills shop available to the community to raise the profile of careers within the food and retail sector and is hopeful that other employers will engage with the various initiatives being delivered. The Department is also grateful to many other employers who regularly support the Department's various training initiatives. Without their support a number of jobseekers would still be struggling to find work. The full range of social security initiatives is set out in the following table:

Initiative	Description
Work trial	Chance to demonstrate capability to an employer where a real job is on offer. (Benefit remains in payment).
Work experience	Extended work experience with learning goals. (Benefit remains in payment).
Gradual return to work	Phased return to work following long-term sickness. (Some benefit remains in payment).
Kick start	One to one training with trades people aimed at young people at risk of long-term unemployment. (CEPS wage paid).
Basic skills training	Help with basic I.T., reading and number skills. (Benefit remains in payment).
Short-term training	Help for the long-term unemployed or those requiring retraining following illness. (Benefit remains in payment).
Back to work bonus	One-off lump sum payable following a return to work and claim closure in cases of long-term unemployment and long-term sickness.
Job start expenses	Help with some of the costs associated with starting work, such as tools, boots, clothing etc.
GOALS	Motivational course aimed at tackling barriers to employment by improving self-esteem and developing a positive mental attitude. (Benefit remains in payment).
Community & Environmental Projects Scheme (CEPS)	Paid work and training opportunities for people who are not working due to unemployment or long-term illness. (CEPS wage paid).
Recruitment grant	Staged payments to an employer to recognise the extra training and support required when recruiting someone who has been long-term unemployed or long-term sick.

The “Get into ...” range of training courses	Short courses aimed at unemployed young people to help identify their skills aptitude. Type of course often dictated by vacancy market and feedback from employers on particular trades. (Benefit remains in payment).
Job Centre Support Contract	Professional recruitment consultants working with employers and jobseekers to improve the recruitment of local jobseekers and thereby reduce the dependency on short-term Housing licences.
Food and Retail Skills Shop	Promoting work opportunities within the food and retail sectors and provision of advice, support and training.

24. The Department recognises the importance that the above initiatives play in activating working age people and will continue to explore and support other opportunities. The Department is particularly interested in initiatives which could identify individuals with an aptitude in a skill that could lead to the commencement of an apprenticeship or lead to employment in those sectors which are reliant on short-term housing licences.

Update on the number of people receiving invalidity benefit

25. The Department has reported a rising trend in long-term incapacity in previous benefit uprating reports. The table below compares snapshot data on claim numbers at around the same date since 2008.

Snapshot comparison of number of invalidity benefit claims		
Date	Claim Numbers	Percentage increase/decrease on previous year
7 June 2008	786	4%
6 June 2009	837	7%
5 June 2010	911	9%
4 June 2011	923	1%
2 June 2012	860	-7%

26. The Department is very conscious of the key role it plays in supporting people who suffer from long-term illness or injury. At the same time it continues to pursue initiatives in relation to early intervention and work rehabilitation. For example, GPs are actively encouraged to use the tick boxes on medical certificates to inform employers of patients who might be able to return to work early, social security staff issue targeted incapacity questionnaires to some patients at the 8 week stage of their claim and work rehabilitation services are offered to people at the appropriate stage in their recovery.

27. Given the upward trend in long-term sickness over the last 10 years, the Department was, last year, pleased to report a rise of just 1% in the snapshot data for June 2011 as shown in the table above. This year, the Department is pleased to report a reduction of 7% in the snapshot data for June 2012. The Department believes that the combination of its various initiatives and the introduction of the pilot scheme offering talking therapies at the primary care level, of which more detail is provided in paragraphs 30 and 64 to 67 of this report, is beginning to have a positive influence on claim numbers. The Department will continue to report on the trend in long-term sickness in future benefit uprating reports.
28. The four tables that follow this paragraph set out the age ranges and gender of invalidity benefit cases, the ten most frequent diagnoses, a breakdown of those ten diagnoses by age and gender and the turnover of claims. In previous annual benefit uprating reports the Department has highlighted the trend for mental health related claims to account for the majority of all long-term sickness claims. This trend has continued over the last 12 months and at 2 June 2012 the diagnoses of mental disorder, depression and anxiety accounted for approximately 28% of all invalidity benefit claims.

Age range and gender of invalidity benefit cases as at 2 June 2012				Difference compared to 2011
Age	Gender		Totals	
	M	F		
16-29	32	23	55	-8
30-39	45	38	83	-11
40-49	91	95	186	-16
50-59	149	135	284	-8
60-64	164	88	252	-20
			860	-63

Ten most *frequent diagnoses on invalidity benefit claims as at 2 June 2012			
Diagnosis	2012 claim numbers	2011 claim numbers	Difference compared to 2011
Mental disorder	153	159	-6
Depression	65	77	-12
Anxiety	26	20	+6
Chronic obstructive lung disease	23	25	-2
Back pain	21	20	+1
Cerebrovascular accident	21	23	-2
Chronic back pain	16	17	-1
Low back pain	16	12	+4
Coronary atherosclerosis	15	11	+4
Multiple sclerosis	14	17	-3

*other less common diagnoses on claims may also relate to some conditions listed above.

Ten most frequent diagnoses on invalidity benefit by age and gender as at 2 June 2012											
Diagnosis	16 - 29		30 - 39		40 - 49		50 - 59		60 - 64		Total
	F	M									
Mental disorder	8	10	17	12	26	15	22	21	7	15	153
Depression	3	5	2	3	12	6	7	8	9	10	65
Anxiety	2	2	1	2	2	1	7	3	2	4	26
Chronic obstructive lung disease	0	0	0	0	1	1	4	3	3	11	23
Back pain	0	1	3	3	2	0	4	3	2	3	21
Cerebrovascular accident	0	0	0	0	1	2	3	7	4	4	21
Chronic back pain	0	0	1	0	2	3	4	1	2	3	16
Low back pain	0	0	0	1	2	2	3	2	2	4	16
Coronary atherosclerosis	0	0	0	0	0	0	1	3	3	8	15
Multiple sclerosis	0	0	0	0	3	3	4	3	0	1	14

Turnover in invalidity benefit claims			
	2011	2010	2009
Number of claims at start of year	946	881	807
Less number of claims closed during year	406	358	375
Equals constant claims throughout the year	540	523	432
Plus number of new claims during the year	345	414	429
Number of claims at end of year	885	937	861

NB: Stats recorded at weekly intervals account for variation from year end to start of following year.

29. Claims close for a variety of reasons, including recovery from ill-health, return to work and reaching pension age. While the table above shows the number of claims that were constant throughout the year, in terms of the trend in long-term sickness the relevant statistic is the number of new claims in the year. In order to qualify for invalidity benefit a person needs to have been in receipt of short-term sickness benefit for 6 months. The drop in new claim numbers, particularly in 2011, suggests that more people returned to work within 6 months during 2011 than did so during 2009 or 2010. The Department will continue to monitor the turnover in claims and provide a further update in its 2013 benefit uprating report.
30. The Department has previously reported on a pilot scheme for the provision of psychological therapies at primary care level. The primary care mental health and wellbeing service (PCMHWS) commenced on a 2 year pilot basis in September 2011. A steering group involving Social Security, Health and Social Services and the Primary Care Committee is overseeing the pilot and is pleased with the outcomes so far achieved. Further information on this pilot is set out in paragraphs 64 to 67.

31. In the Department's 2011 benefit uprating report (Billet d'Etat XV of 2011), the Department explained that in order to tackle the rising trend in the number and length of incapacity-related benefit claims the Department had identified the need to develop an Incapacity Strategy, in close consultation with the Health and Social Services Department (HSSD) and the Primary Care Committee. The Department is keen to complete this workstream within the next 18 months.
32. In the 2010 benefit uprating report, the Department explained its intention to investigate how it might replace sickness benefit and invalidity benefit with a single incapacity benefit, which does not increase in value the longer a person remains out of work. The Department proposed that, pending the outcome of the investigation and as a first step towards closing the gap between the two benefits, invalidity benefit should not be increased by the same percentage level as that proposed for all the other contributory benefits, including sickness benefit. However, following a successful amendment from Deputy Stephens, invalidity benefit was increased in line with all other contributory based benefits from 2011.
33. The Department has identified the investigation into the creation of a single incapacity benefit as a project to be undertaken. However, work is not expected to commence within the next two years. In the meantime, the Department is recommending that invalidity benefit be increased in line with all other contributory benefits from 2013 as set out in paragraph 36.

Proposed Benefit Rates for 2013

34. The Department is recommending increases in the rates of pension and all other social insurance benefits of approximately 3.6% to take effect from 7 January 2013.
35. The proposed 3.6% increase in old age pension will add £6.72 per week to the full rate single pension, will add £3.36 per week to the so called 'married woman's pension' and will mean a £10.08 per week increase for a pensioner couple on full rate pension. The joint increase will be £13.44 per week in cases where both spouses were paying full-rate contributions throughout their working lives as they will receive two full pensions totalling £385.70 per week.
36. The proposed new rates of pension and other contributory social insurance benefits are shown overleaf:

Weekly paid benefits	2013	2012
Old Age Pension -		
Insured person	£192.85	£186.13
Increase for dependant wife or pension for wife over 65 based on husband's record (marriages pre 01-01-04)	£96.60 £289.45	£93.24 £279.37
Widow's/Survivor's Benefits -		
Widowed Parent's Allowance	£202.79	£195.72
Bereavement Allowance/Widow's Pension	£174.37	£168.28
Unemployment, Sickness, Maternity and Industrial Injury Benefit	£141.89	£136.99
Invalidity Benefit	£170.59	£164.64
Industrial Disablement Benefit -		
100% disabled	£155.41	£150.01
One-off grants		
Maternity Grant	£355.00	£343.00
Death Grant	£553.00	£534.00
Bereavement Payment	£1,750.00	£1,689.00

37. These foregoing rates of weekly benefit and grants apply to persons who have fully satisfied the contribution conditions. Reduced rates of benefit are payable on incomplete contribution records, down to threshold levels.

Age of Entitlement for Bereavement Allowance

38. Bereavement Allowance is one of three bereavement benefits administered by the Social Security Department. Introduced on 1 January 2004, bereavement allowance replaced the former widow's pension, as part of reforms for gender equality (Billet d'Etat V, of 2003).
39. Pre-2004, widow's pension was only payable to women, with no dependent children, who were over the age of 40 and under pensionable age when they were widowed. It was payable from the date the spouse died (or from the date the claimant ceased to be entitled to widowed parent's allowance) to the date the widow reached pensionable age i.e. a maximum period of 25 years.
40. The bereavement allowance provides financial assistance to a surviving spouse, for a limited period. Unlike its predecessor, it is equally available to men and women for up to one year following bereavement, so long as they are aged 45 or over.

41. While a lower age limit applied to widow's pension this was primarily because it was considered to be a long-term benefit, as it could potentially be paid until the widow reached pensionable age. However, with the introduction of bereavement allowance this is no longer the case as it is only payable for a maximum of 12 months. The Department now considers the existing lower age limit to be arbitrary and unfair, and is recommending its removal for entitlement to bereavement allowance.

Potential increase in Bereavement Allowance claims

42. The proposal would only result in a small increase in bereavement allowance claims. This is because bereavements under the age of 45 are low in number and, where they do occur, there is often a dependent child – thereby giving entitlement to the widowed parent's allowance.
43. Between 2007 and 2011 (inclusive) there were just 16 people who were widowed under the age of 45, who did not qualify for benefit.

Cost of proposal to the Guernsey Insurance Fund

44. In 2011, benefit expenditure on bereavement benefits was £1.87m. The estimated budget for 2012 is £1.84m. It is estimated that the cost of the proposal set out in paragraph 41 will increase expenditure by approximately £20,000 per annum at 2012 rates. This additional cost would be fully funded from the Guernsey Insurance Fund and represents a 0.02% increase on annual expenditure.

Removing the minimum age - legislative changes

45. The requirement in the Social Insurance (Guernsey) Law, 1978 that the "qualifying spouse" must be over 45 years of age at the time of their spouse's death in order to qualify for bereavement allowance needs to be repealed. This can be achieved by means of an amending Ordinance.
46. If the States approve this policy change, the Department wishes to avoid the situation whereby a person under age 45 is widowed before the Social Insurance (Guernsey) Law, 1978 has been amended and thereby loses out on entitlement. The Law Officer's Chambers has advised the Department that the best way of avoiding such a scenario is to bring the proposition and the Ordinance to the States for approval at the same time. The Presiding Officer and the Chief Minister have agreed that the amending legislation – The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2012 – may be submitted for consideration by the States at the same meeting as the Department's proposition. The Presiding Officer and Chief Minister have also agreed that the Ordinances necessary for the uprating of benefits, as proposed in this report, may also be submitted for approval with the report.

Maternity and paternity provisions and the United Nations Convention on the Elimination of all forms of Discrimination Against Women (CEDAW)

47. Policy Council recommendations on maternity and paternity provisions were debated at the February 2012 States Meeting (Billet d'Etat IV of 2012). States Members resolved, amongst other things, to direct the Social Security Department to report back to the States, at the same time it reports on funding other benefits, with proposals for funding and requesting the preparation of the necessary legislation to provide for:-
- changes to the maternity grant to make it available to all new mothers
 - changes to maternity allowance to split it into a maternal health allowance and a new born care allowance
 - a new adoption grant at the same rate as maternity grant
 - a new benefit of parental allowance
48. While the Department has added this workstream to its list of priority projects, little progress has been made to date. However, the Department will be working closely with the Treasury and Resources Department in order that Treasury and Resources can report back to the States in due course with proposals to fund this consequential new expenditure.

Estimated operating surplus/deficit on Guernsey Insurance Fund

49. Taking into account all of the foregoing including the proposed revised rates of benefits, for the Guernsey Insurance Fund, it is estimated that:
- 1) there will be an operating deficit in 2012 in the order of £8.9m; and
 - 2) there will be an operating deficit in 2013 in the order of £11.8m.
50. The estimated operating deficit in 2013 will be covered by investment income. As explained in paragraphs 12 to 15 of this report, although the long-term strategy is to draw down on the capital value of the Guernsey Insurance Fund to meet increased demand due to demographic ageing, this strategy is combined with a necessary increase in contribution rates. With no increases to contributions having been made, pending resolution of the second phase of the Zero-10 taxation reforms, the operating deficits for the Guernsey Insurance Fund are occurring earlier than previously envisaged. The deficits will rapidly become deeper and the drawdown of the reserves will accelerate unless contributions are increased, benefits are reduced or the States Grants to the Funds are increased.

PART II
HEALTH SERVICE BENEFITS

51. The health service benefits and administration, costing £35.62m in 2011, were financed by £34.78m from contributions allocated to the Health Service

Fund and £4.17m from the States' grant from general revenue. There was an operating surplus, before investment income, of £3.33m.

Medical Benefit Grants

52. The total benefit expenditure on consultation grants in 2011 was £3.60m. This represented an increase of around 2.8% on the 2010 cost. The consultation grants remained unchanged at £12 towards a consultation with a doctor and £6 towards a consultation with a nurse.
53. The Department will not be recommending any change in the level of the consultation grants for 2013.

Pharmaceutical Service

54. Prescription drugs cost a total of £16.61m in 2011, before netting off the prescription charges paid by patients. This was an increase of 2% over the previous year.
55. The total cost to the Health Service Fund of the drugs dispensed was reduced by £1.83m collected in prescription charges.
56. The number of items prescribed under the pharmaceutical service increased by 3.7% in 2011 to 1.46 million items. Despite the increase in items prescribed, the Department is pleased that there has only been a modest increase in costs.

Prescription charge

57. The prescription charge for 2012 is £3.10 per item. For a number of years the States have approved annual increases of 10p in the charge. The Department recommends the same increase this year, with a charge of £3.20 per item effective from 1 January 2013.

Specialist Health Insurance Scheme

58. The cost of the specialist health insurance scheme, which funds the services provided through the Medical Specialist Group, was £13.47m in 2011 and is expected to cost £14.09m in 2012.
59. The contract with the Guernsey Physiotherapy Group cost £1.76m in 2011 and is expected to cost £1.85m in 2012.
60. The Community Health Insurance Purchasing Sub-Committee (CHIPS), which includes the Ministers, Deputy Ministers, Chief Officers and Contract Managers of the Social Security Department and the HSSD and representatives of the Medical Specialist Group and the Guernsey Physiotherapy Group, meets regularly to review adherence to and

performance against contractual obligations and to consider potential changes to the scope and resources permitted under the contracts with the Medical Specialist Group and the Guernsey Physiotherapy Group.

61. The Department is working with the HSSD, in the context of the HSSD's 20:20 vision, to formulate proposals for the nature and scope of secondary care contracts to replace the current contracts when they expire at the end of 2017.

Costs of visiting medical consultants

62. The work referred to above on the secondary health care contracts will include consideration of the financing from the Guernsey Health Service Fund of medical consultants who visit from the UK, currently under contract to the HSSD, to treat Guernsey patients on-Island.

Transfer of Travelling Allowance Grant from Guernsey Insurance Fund to Guernsey Health Service Fund

63. In the Department's 2010 benefit uprating report (Billet d'Etat XX of 2010) the States resolved that the provisions for Travelling Allowance Grants should move from the Guernsey Insurance Fund to the Guernsey Health Service Fund, with appropriate updating of the provisions. Although work has commenced within the Department, this has not been a high priority. There is a need for consultation on the scope of the legislation and on the travel costs to be covered by the updated legislation.

Pilot programme for mental health service in primary care practices

64. The States approved a Projet de Loi (Billet d'Etat XV of 2010) to enable the Department, through the Health Service Fund, to finance, a 2 year pilot for the provision of psychological therapies at primary care level. Consequently, the Health Service (Benefit) (Guernsey) (Amendment) Law 2010 was approved and came into force 28 February 2011.
65. As a result, the primary care mental health and wellbeing service (PCMHWS) commenced in September 2011. The service delivers talking therapies within primary care and community settings for people with mild to moderate mental health problems which are causing disruption to social and occupational activities. The service offers patients:-
- early intervention to help recognise emerging symptoms and develop resilience and coping skills
 - ability to work towards recovery from anxiety/depression thereby feeling more confident and in control

- access and onward referral to work rehabilitation support to help with practical issues and identify goals and support.
66. During the first six months of operation the service received approximately 700 referrals from GPs and the recovery rate was 47%. These outcomes compare very favourably with similar UK-based services where recovery rates range from 15% to just over 50%. Feedback on the service from both patients and GPs has been very positive to date and referral numbers are therefore expected to grow further during 2012 until they begin to plateau out.
67. A steering group involving Social Security, Health & Social Services and the Primary Care Committee is overseeing this pilot service. Key result areas and key performance indicators have been identified to monitor the expected outcomes and benefits. Social Security and the Health & Social Services Departments are very pleased with the progress the service has made to date and look forward to providing States Members with a further update in 2013.

Financing of Guernsey Health Service Fund

68. The actuarial review of the Guernsey Health Service Fund for the years 2006 to 2009, inclusive, appeared in the appendix to the Billet d'Etat XV of 2011. The review indicated that the Guernsey Health Service Fund will maintain an operating surplus, with the reserves of the Fund increasing to more than 2 years' annual expenditure by 2014. There is, therefore, no need for any increases in the rates of contributions to the Guernsey Health Service Fund at this time. The longer-term position will be influenced by the progression of the developments mentioned in the foregoing paragraphs.

PART III LONG-TERM CARE INSURANCE

69. The Long-term Care Insurance Scheme pays benefits to assist with fees in residential and nursing homes. The Department is recommending increases of 3.6% in the benefit rates.
70. Contribution income to the Long-term Care Insurance Fund was £17.03m in 2011. With benefit and administration expenditure of £16.46m for the year, the Fund had an operating surplus of £0.58m.

Co-payment by person in care

71. It is a condition of entitlement to benefit under the long-term care insurance scheme that the person in care should make a co-payment. The 2012 co-payment is £176.61 per week. The Department recommends a co-payment of £182.98 per week from 7 January 2013.
72. It should be noted that the co-payment to the long-term care insurance scheme also sets the level of fees to be charged for accommodation in the

States-run homes including the Castel and King Edward VII hospitals, Maison Maritaine and Longue Rue House as well as the long-stay beds in the Mignot Memorial Hospital, Alderney.

Nursing Care benefit

73. The maximum nursing care benefit, which also applies to the Guernsey Cheshire Home, is currently £730.73 per week. The Department recommends that it should be increased to £756.98 per week from 7 January 2013.

Residential Care benefit

74. The maximum residential care benefit is currently £391.37 per week. The Department recommends that it should be increased to £405.44 per week from 7 January 2013.

Elderly Mental Infirm (EMI) Benefit

75. The maximum EMI rate of benefit is currently £515.69 per week. The Department recommends that it should be increased to £534.24 per week from 7 January 2013.

Respite Care benefit

76. Persons needing respite care in private sector residential or nursing homes are not required to pay a co-payment. The long-term care fund pays instead. This is to acknowledge the value of occasional investment in respite care in order to allow the person concerned to remain in their own home as long as practicable. It also acknowledges that persons having respite care also continue to bear the majority of their own household expenditure. The respite care benefits, therefore, are the sum of the co-payment and the residential care benefit or nursing care benefit, as appropriate. The Department, therefore, recommends a nursing care respite benefit of up to £939.96 per week, an EMI rate of up to £717.22 per week and a residential care respite benefit of up to £588.42 per week from 7 January 2013.

Financing of Long-term Care Insurance

77. The actuarial review of the Long-term Care Insurance Fund for the years 2006 to 2009, inclusive, and projections to 2070, appeared in the appendix to the Billet d'Etat XV of 2011. The review showed that the current rate of contribution for the Long-term Care Insurance Fund, which is 1.3% of earnings for an employed person, is unsustainable. Based on the assumptions used in the review, if the rate remained unchanged, the reserves of the Fund would be exhausted by around 2027.
78. The review indicated that, on the pay-as-you-go basis, the current contribution rate of 1.3% for employed persons would have to increase

steadily to reach about 2.0% by 2028, 3% by 2040 and levelling off at 3.5% by around 2050.

79. The assumptions within the actuarial review included assumptions that the scope of the long-term care benefits is not changed and that benefit expenditure increases proportionate to the increases in the older age cohorts. For the purposes of the periodic review, those assumptions are a practical necessity. However, it is highly unlikely that the number of residential and nursing care beds in Guernsey and Alderney will in reality increase in direct proportion to the increased numbers of people in the older age groups. It is far more likely that there will be a shift of emphasis towards care in the person's own home and new models of delivery including extra-care housing.
80. Following the Resolution of the States on the joint report from the Housing Department and the Health and Social Services Department concerning the provision of extra-care housing at Maison Maritaine and Longue Rue House, a working party chaired by the Minister of the Treasury and Resources Department examined the short-term and long-term financing options for extra-care housing. The Working Party concluded its work, to the satisfaction of the Treasury and Resources Department, as far as the business case for the redevelopment of Maison Maritaine and Longue Rue House was concerned and has disbanded. The Working Party noted, however, that further work was required and that the Housing and Health and Social Services Departments, in conjunction with the Social Security and Treasury and Resources Department would determine how to progress the financial modelling as part of the States' Strategy for Supported Living and Ageing Well. As a first step, the Department has had initial discussions with the Health & Social Services Department and will further progress these discussions during 2012.
81. Given the foregoing, and the scope for major change in the way that long-term care services will be provided and financed to meet the needs of the ageing population, there has to be considerable caution in the future rates of contribution contained in the projections in the actuarial review.

PART IV

NON-CONTRIBUTORY SERVICES FUNDED FROM GENERAL REVENUE

82. For the non-contributory benefits contained in this part of the report, which are funded entirely from general revenue, the Department recommends general increases of 3.1%, with some small variations for roundings.

Supplementary Benefit

83. Supplementary benefit expenditure amounted to £17.89m in 2011. The expected outturn for 2012 is £19.7m.
84. At 2 June 2012, there were 2,384 active supplementary benefit claims as set out in the table overleaf. Most of the increase since 2011 relates to jobseekers

and the small increase in single parents may also be down to unemployment levels. These claims also support 1,473 dependents thereby giving a total supplementary benefit population of 3,857.

Classification	Claims at 2 June 2012	Claims at 4 June 2011	2011 expenditure	2012 probable outturn	2013 budget
Pensioners	*717	719	£2.17m	£2.34m	£2.41m
Incapacitated	538	530	£4.03m	£4.28m	£4.36m
Single parent	440	416	£4.76m	£5.30m	£5.42m
Jobseeker	394	325	£2.48m	£2.90m	£3.00m
Severe disability	214	204	£1.54m	£1.70m	£1.70m
Incapable of self-support	56	51	£0.40m	£0.50m	£0.53m
Carer	20	19	£0.18m	£0.20m	£0.20m
Pregnant	4	5	£0.04m	£0.06m	£0.06m
Prisoner's spouse	1	4	£0.02m	£0.02m	£0.02m
Partner in hospital	0	0	£0.00m	£0.00m	£0.00m
Total (excluding dependants)	2,384	2,273	£15.62m	£17.30m	£17.70m
Special Grants (e.g. medical, disability, funeral)			£2.24m	£2.37m	£2.47m
Concessionary TV licences for 65 to 74 year olds			£0.03m	£0.03m	£0.03m
Total			£17.89m	£19.70m	£20.20m

*Includes 158 pensioners covered solely for their medical expenses.

85. The Department has, for many years, kept staffing levels as low as reasonably practicable in order to discharge its obligations. However, since 2009, the Department has, through its annual benefit uprating report, explained the resourcing difficulties experienced in relation to the extra work in the supplementary benefit section arising from higher levels of unemployment. This resourcing constraint generally leads to priority being given to paying the benefits due and insufficient time is given to interviewing people about their job-finding efforts and assisting that endeavour.
86. The Department set out detailed work incentivisation proposals in its March 2012 States report on the modernisation of the supplementary benefit scheme (Billet d'État V of 2012). While States Members approved all these proposals, approval was not given to funding the additional staff required to implement and deliver these new work-related elements. However, the Social Security and Treasury & Resources Departments have commenced discussion on how they can work together to take forward these important States resolutions.
87. The Department continues to be involved in a number of States-wide and local projects as part of the Financial Transformation Programme. One of these relates to an invest-to-save initiative involving the introduction of claims management in relation to incapacity claims within the supplementary

benefit section. While claims management of this nature has been utilised effectively for a number of years in relation to the contributory benefits (sickness and invalidity benefits), the constraints on the Department's capped administrative general revenue budget have restricted staff resources and, as stated in paragraph 85, priority has been given to taking, validating and paying benefits.

88. Following approval by the Transformation Executive, a 2 year incapacity claim monitoring project commenced in autumn 2011. As at June 2012, the project was on target to meet the expected net savings of £189,000 set out in the business case. Another project that is due to commence in 2012 is seeking to bring about cost reduction and service improvement within the supplementary benefit scheme. This 3 year project utilises the skills of a Performance Improvement Analyst to help the Department identify and implement business improvements to deliver a more efficient and cost effective service. The anticipated annual savings from 2015 are £100,000.

Review and reform of the Supplementary Benefit scheme

89. The Department presented proposals for the modernisation of the supplementary benefit scheme to the States in March 2012 (Billet d'État V of 2012). In this report, the Department made a number of recommendations in relation to work incentivisation, the integration of the rent rebate scheme, young people in post-16 education and the supplementary benefit requirement rates.
90. The propositions carried are summarised in the following table.

Enable the Department to define when a person is, or is deemed to be, capable of work.
If so directed, people deemed capable of work obliged to:- <ul style="list-style-type: none"> • engage with work or work-related activities • attend work-focused meetings • attend a mandatory work or training placement.
Classify parents whose youngest dependent child is aged seven or older as a jobseeker.
The discretion to:- <ul style="list-style-type: none"> • fund reasonable short-term childcare costs to facilitate occupational training or work rehabilitation for parents • extend medical cover for up to six months if a claim closes upon return to work.
That the minimum age of entitlement to supplementary benefit be set at 18 years, and after completion of full-time education subject to certain exceptions.
Enable payment of supplementary benefit to enable a person who is estranged from his family or leaving care, without financial support, to continue in full-time education.
Make it a criminal offence to use a rent allowance for any purpose other than for the payment of rent.

Amend the definition of a dependent to include persons under the age of 18 who have left full-time education but are not gainfully employed.
To enable grants from the Social Insurance Fund to be paid to third sector organisations who engage with people to facilitate work rehabilitation or a return to work.
To note the Department's intention to re-name supplementary benefit "Income Support".
In the event that proposals for the sources of funding necessary to give effect to the proposals ... to direct the preparation of legislation...

91. While all the work incentivisation proposals were approved, States Members did not approve the additional staffing resources necessary for their delivery. The Department recognises that it must now find a way forward in order to implement these States Resolutions.
92. The propositions that were not carried are summarised in the following table.

Replace the supplementary benefit limitation for persons resident in the community with maximum rent allowances linked to household size.
That requirement rates should be increased with reference to the Minimum Income Standard for Guernsey.
To direct the Housing Department to report to the States as soon as possible with proposals for phasing-out of the rent rebate scheme.
To direct the Treasury & Resources Department to approve the additional staffing resources necessary to implement the proposals.
To direct the Social Security department, in consultation with the Treasury & Resources Department, to report back to the States, no later than September 2013, with proposals for the sources of funding necessary to give effect to the proposals.

93. The Department has reviewed the policy developments that led to these propositions and recognises that it will need to enter into discussions with the Treasury & Resources and Housing Departments in order to develop a strategy for continuing to move forward with the modernisation of the supplementary benefit scheme.

Supplementary Benefit Requirement Rates

94. The Department recommends supplementary benefit requirement rates, to take effect from 4 January 2013, as follows:

(a)

Long-term supplementary benefit (after payment of short-term rates for 6 months)	2013	2012
Married couple	£236.04	£228.97
Single householder	£163.31	£158.41

Non-householder:		
18 or over	£126.77	£122.99
*16 - 17	£68.81	£66.71
Long-term supplementary benefit (after payment of short-term rates for 6 months)	2013	2012
Member of a household -		
18 or over	£126.77	£122.99
16 - 17	£107.38	£104.16
12 - 15	£66.43	£64.40
5 – 11	£48.16	£46.69
Under 5	£35.49	£34.44

*Varied upwards in relation to single parents and significant disability.

(b)

Short-term supplementary benefit rates (less than 6 months)	2013	2012
Married couple	£191.31	£185.57
Single householder	£132.86	£128.87
Non-householder:		
18 or over	£101.15	£98.14
*16 - 17	£68.81	£66.71
Member of a household -		
18 or over	£101.15	£98.14
16 -17	£85.89	£83.30
12 - 15	£53.20	£51.59
5 – 11	£38.64	£37.45
Under 5	£28.14	£27.30

*Varied upwards in relation to single parents and significant disability.

A rent allowance, on top of the above short-term or long-term rates, will apply to people living in rented accommodation.

Benefit limitation - community

95. The Department has decided that the modernisation of the supplementary benefit scheme should remain as one of its top priorities. However, the Department is conscious that while it needs time to develop new or modified proposals, due to the effect of the benefit limitation around 43 families are struggling to support themselves because they continue to be paid less benefit each week than the States has determined is the subsistence level requirement. For this reason the Department is recommending an above RPIX increase in the benefit limitation.
96. The benefit limitation, currently £450 per week, is the maximum level allowed for the combination of supplementary benefit and income from other sources, excluding family allowances. The purpose of introducing an above

RPIX increase ahead of revised proposals to modernise the supplementary benefit scheme is that it would provide immediate assistance to the families currently affected who are being paid less benefit than they need.

97. In the Department's 2011 benefit uprating report (Billet D'État XV of 2011), the Department recommended and the States approved an increase in the benefit limitation from £405 per week to £450 per week. The 2011 increase provided immediate assistance to around 75 families who were being paid less than they needed.
98. The Department is recommending that the benefit limitation be increased from £450 per week to £500 per week from 4 January 2013. Of the 43 claims currently affected by the benefit limitation, there are 25 cases where the impact is between £1 and £50 per week. If applied today, the increased benefit limitation would allow these 25 families to receive the full amount of benefit that they need. The remaining 18 families, for whom the impact of the benefit limitation is currently between £51 and £175 per week would still not receive the full benefit that they need but would at least be £50 per week better off.
99. Increasing the benefit limitation to £500 per week will increase supplementary benefit expenditure by an estimated £95,000 per year. An increase from the normal uprating of 3.1%, to £464 per week would have resulted in an estimated increase of £29,000. This means that that the proposed step increase to £500 per week adds a net, additional £66,000.
100. In accordance with the requirements of Rule 15(2) of the Rules of Procedure (which relates to a proposition which may have the effect of increasing revenue expenditure), the Department indicates that the estimated £66,000 of additional revenue expenditure could be funded in the same way that formulaled increases within the supplementary benefit system as a whole are funded. There would therefore be no effect on the Fiscal and Economic Policy Plan.

Benefit limitation - residential homes

101. Notwithstanding the existence of the long-term care insurance scheme, there needs to remain a benefit limitation applicable to a person residing in a residential home who does not satisfy the residence requirements for long-term care insurance and may, therefore, need to rely on supplementary benefit assistance. The benefit limitation is currently £486.00 per week. The Department recommends an increase to £501.00 per week from 4 January 2013. It should be noted that this particular benefit limitation, and that in the following paragraph, are very seldom called into effect.

Benefit limitation - nursing homes, elderly mental infirm residents (EMI) and Guernsey Cheshire Home

102. Being necessary for the reason explained above, the Department recommends that the benefit limitation applicable to a person residing in a nursing home or a residential home with EMI care needs or the Guernsey Cheshire Home be increased from £698.00 per week to £720.00 per week from 4 January 2013.

Personal allowance for residents of residential or nursing homes

103. The amount of the personal allowance for supplementary beneficiaries in residential or nursing homes is currently £27.84 per week. It is intended to allow modest purchases of, say, newspapers, confectionary, toiletries, small family presents and so on. The Department recommends that the personal allowance be increased to £28.70 per week from 4 January 2013.

Personal allowance for Guernsey residents in UK hospitals and care homes

104. The HSSD pays for Guernsey and Alderney residents to be placed in UK hospitals and specialized institutions if their mental or physical health needs cannot be met on-island. While the HSSD meets the cost of accommodation and care, residents are expected to pay from their own resources for items of personal expenditure. Residents who cannot afford these things can apply to the Social Security Department for a personal allowance.
105. There is a need for this particular personal allowance to be higher than the rate which applies in Guernsey residential and nursing homes, because the people living temporarily off-island tend to be a much younger age group, more active and with more opportunities for using a personal allowance in the course of their supervised activities and outings.
106. The personal allowance is currently £46.89 per week and the Department recommends that the allowance be increased to £48.34 per week from 4 January 2013.

Supplementary Fuel Allowance

107. A supplementary fuel allowance is paid from general revenue for 27 weeks from the last week in October until the last week in April of the year following. The fuel allowance was £27.09 per week for the 2011 to 2012 period.
108. In the year to June 2012, the cost of fuel, light and power increased by 3.2%. The Department, therefore, recommends an increase of 3.2% in the fuel allowance, taking it to £27.93 per week for the winter of October 2012 to April 2013.
109. The fuel supplement will cost in the region of £990,000 over each 27 week payment period referred to above. However, the Department has identified

the winter fuel allowance as an issue that might be reviewed as part of the supplementary benefit modernisation project. In particular, the Department is keen to explore whether its flat rate for all strategy still holds good given that claimants' fuel bills vary depending, in part, on whether their accommodation is energy efficient.

Maximum rent allowances

110. In March 2012, the States debated a report from the Social Security Department which set out proposals for the modernisation of the supplementary benefit scheme (Billet D'État V of 2012). One of the proposals was to replace the supplementary benefit limitation for people living in the community with a series of maximum rent allowances. These maximum rent allowances would have been divided into tenancy groups and linked to the size of the household as set out in the table below. Applying maximum rent allowances would have capped the amount of supplementary benefit payable. Each tenancy group would have had a separate maximum rent allowance. States members did not support this specific proposal.

Tenancy Group	Adults	Number of Children	Proposed maximum weekly rent allowance (2011 terms)
*Group 1	Single or couple	0	£184.00
*Group 2	Single or couple	1	£216.00
*Group 3	Single or couple	2	£276.76
*Group 4	Single or couple	3 or more	£339.62
Group 5	Shared accommodation		£144.92

*based on the highest comparable local rents charged in social housing

111. While the benefit limitation remains in place it is not possible to introduce maximum rent allowances for families in receipt of supplementary benefit (tenancy groups 2, 3 and 4) because the benefit limitation would prevent the higher rent allowances from being paid. However, the Department believes that the introduction of maximum rent allowances for all tenancy groups is still a key development in the modernisation of the supplementary benefit scheme.
112. As a first step towards the introduction of maximum rent allowances for all tenancy groups the Department is recommending that, from 4 January 2013 maximum rent allowances be introduced for new claims in tenancy groups 1 and 5. The following table shows the maximum rent allowances in 2012 terms. The rates for 2013 will be aligned with the highest local rents charged in social housing for 2013 once these have been set by the Housing Department or the Guernsey Housing Association.

Tenancy Group	Adults	Number of Children	Maximum rent allowance in 2012 terms
Group 1	Single or couple	0	£190.00
Group 5	Shared accommodation		£155.52

113. It is important to note that the maximum rent allowances for tenancy groups 1 and 5 would be upper limits, rather than fixed amounts given to all people within the two groups. The Department will continue to make every effort to ensure that benefits paid for rent do not distort the private rental market or pay in excess of reasonable levels for accommodation that has been assessed by its officers.
114. The Department does not believe that the introduction of maximum rent allowances for tenancy groups 1 and 5 will increase benefit expenditure. The current rent allowance paid through supplementary benefit depends on a visiting officer's assessment of the rental value of the property, and subsequent decision of the Administrator.
115. The purpose of the rent assessment is to determine whether the rent being charged for the property is reasonable having regard to comparative properties of the same size, quality etc. The rent allowance awarded bears no relation to the actual need of the household for a home of a certain size, or to any formally set criteria.
116. The rent allowance paid never exceeds the rent charged for the property occupied, and indeed, in accordance with the legislation, the Administrator often awards a lower rent allowance if he considers that a such lower amount is reasonable having regard to the circumstances of the claimant and the nature and standard of the accommodation. These existing controls will be retained for the system of maximum rent allowances.
117. It is proposed that there be provision, in exceptional cases, for the Administrator to award a rent allowance above the otherwise maximum level. Such exceptional cases may include people who, by reason of ill-health or disability, may require additional space or a spare bedroom for a carer.
118. This proposal seeks only to bring about clarity and transparency to a system of rent allowance which already exists. For the first time, single people, couples without children and people in shared accommodation claiming supplementary benefit would be able to make informed choices about the accommodation they occupy. The Department would hope to offer this transparency to all tenancy groups at a later stage when it brings forward further proposals for the modernisation of the supplementary benefit scheme.

Cost of proposals for Supplementary Benefit

119. The expected outturn for supplementary benefit expenditure for 2012 is £19.70m. It is estimated that benefit expenditure in 2013, taking account of the above proposals and allowing for current trends, will increase by £0.50m to £20.20m.

Family Allowances

120. Family allowances expenditure amounted to £9.31m in 2011. The allowance is paid at £15.40 per week per child. The budget for 2012 is £9.57m.
121. The Department recommends that family allowance be increased by approximately 3.1% to £15.90 per week from 7 January 2013. It is estimated that expenditure on family allowances in 2013 will be approximately £9.87m.

Attendance and Invalid Care Allowances

122. The Department recommended a number of changes relating to attendance allowance and invalid care allowance which States members approved in October 2011 (Billet d'État XVII of 2011). As a result, throughout 2012 the Department is taking steps to implement the various States resolutions including, the removal of the earnings limitation on invalid care allowance and the re-naming of the two allowances to severe disability benefit and carer's allowance. The Department is also working in conjunction with healthcare professionals to simplify the application process.
123. Pending completion of the implementation phase, the Department is recommending that attendance allowance and invalid care allowance be increased with effect from 7 January 2013 as shown below:-

	2013	2012
Attendance Allowance - weekly rate	£94.99	£92.12
Invalid Care Allowance - weekly rate	£76.79	£74.48
Annual income limit for both allowances	£88,000	£85,000

124. The annual income limit is the upper limit of income that a family may have, while still being entitled to receive either attendance allowance or invalid care allowance.
125. Benefit expenditure on attendance and invalid care allowances in 2011 was £3.39m. The budget for 2012 is £3.7m. It is estimated that the Department's proposals set out in paragraph 123 together with increasing uptake of these benefits will increase expenditure in 2013 by £326,000 to £4.07m.

Community and Environmental Projects Scheme

126. The Department administers the Community and Environmental Projects Scheme (CEPS), which offers short-term employment opportunities for unemployed people. The Department contracts with States Works for the necessary supervision of the work teams and also for the provision of transport, equipment and tools.
127. The hourly wages rates for the CEPS scheme are set by the Department and do not require a resolution of the States. From 1 October 2010 the rates payable were brought into line with minimum wage rates. From 1 October 2012, the rates payable will mirror the minimum wage rates set by the Commerce and Employment Department.

Free TV licences

128. In accordance with the resolutions of the States on the 2001 budget (Billet d'État XXIV of 2000), the Department administers a scheme to provide free TV licences for Guernsey and Alderney residents aged 75 or over and residents aged 65 or over and in receipt of supplementary benefit. Benefit expenditure under this scheme was £577,000 in 2011. The scheme is expected to cost £600,000 in 2012. The standard charge per TV licence made by the UK Department of Culture, media and Sport has been frozen for 6 years from 2011.

Consultation

129. The Department has consulted with the Policy Council through its Fiscal and Economic and Social Policy Groups. The Department has also consulted with the Treasury and Resources Department and the Housing Department in relation to maximum rent allowances and the Health & Social Services Department in relation to long-term care.

Corporate Governance

130. The Department believes that the proposals in this report comply with the relevant principles of good governance as defined by the UK Independent Commission on Good Governance in Public Services (Billet d'État IV of 2011).

**PART V
RECOMMENDATIONS**

131. The Department recommends:
- (i) that, from 7 January 2013, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in this Report;
(paragraph 36)

- (ii) that the requirement in the Social Insurance (Guernsey) Law, 1978 that the “qualifying spouse” must be over 45 years of age at the time of their spouse’s death in order to qualify for bereavement allowance be removed;
(paragraphs 38 to 46)
- (iii) that, from 1 January 2013, the prescription charge per item of pharmaceutical benefit shall be £3.20;
(paragraph 57)
- (iv) that, from 7 January 2013, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £182.98 per week;
(paragraph 71)
- (v) that, from 7 January 2013, nursing care benefit shall be a maximum of £756.98 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £405.44 per week for persons resident in a residential home;
(paragraphs 73 to 74)
- (vi) that, from 7 January 2013, elderly mentally infirm (EMI) care benefit shall be a maximum of £534.24 per week for qualifying persons resident in a residential home;
(paragraph 75)
- (vii) that, from 7 January 2013, respite care benefit shall be a maximum of £939.96 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly mental infirm rate of £717.22 for persons receiving respite care in a residential home and a maximum of £588.42 per week for persons receiving respite care in a residential home;
(paragraph 76)
- (viii) that, from 4 January 2013, the supplementary benefit requirement rates shall be as set out in paragraph 94 of this Report;
- (ix) that, from 4 January 2013, the weekly benefit limitations for supplementary benefit shall be:
 - (a) £500 for a person living in the community;
 - (b) £501 for a person who is residing in a residential home; and
 - (c) £720 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home or as an elderly mental infirm resident of a residential home;(paragraphs 95 to 102)

- (x) that, from 4 January 2013, the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit shall be £28.70 per week;
(paragraph 103)
- (xi) that, from 4 January 2013, the amount of the personal allowance payable to persons in UK hospitals or care homes who are in receipt of supplementary benefit shall be £48.34 per week;
(paragraph 106)
- (xii) that a supplementary fuel allowance of £27.93 per week be paid to supplementary beneficiaries who are householders from 26 October 2012 to 25 April 2013;
(paragraph 108)
- (xiii) that, from 4 January 2013, maximum rent allowances be introduced for single people and couples without children living in rented accommodation and people living in shared accommodation;
(paragraph 110 to 118)
- (xiv) that, from 7 January 2013, family allowance shall be £15.90 per week;
(paragraph 121)
- (xv) that, from 7 January 2013, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 123 of this Report;
- (xvi) that the Treasury and Resources Department be directed to take account of the 2013 estimates for Social Security Department Formula Led expenditure when recommending, as part of the 2013 Budget Report, Cash Limits for Departments and Committees;
- (xvii) to approve the draft Ordinances as set out below and to direct that the same shall have effect as Ordinances of the States:
 - (a) "The Social Insurance (Rates of Contributions and Benefits, etc) Ordinance, 2012"
 - (b) "The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2012"
 - (c) "The Health Service (Benefit) (Amendment) Ordinance, 2012"
 - (d) "The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2012"
 - (e) "The Supplementary Benefit (Implementation) (Amendment) (No 2) Ordinance, 2012"
 - (f) "The Family Allowances Ordinance, 2012"
 - (g) "The Attendance and Invalid Care Allowances Ordinance, 2012"

Yours faithfully

A Langlois, Minister S James, Deputy Minister J Gollop C Green M Le Clerc

(NB The Treasury and Resources Department has commented as follows:-

TREASURY AND RESOURCES DEPARTMENT

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

6th September 2012

Dear Chief Minister

Social Security Department – Benefit Rates for 2012 States Report

The Treasury and Resources Department recognises the need for the States to ensure adequate provision is made for a system which provides for the payment of sustainable benefits. However, a majority of the Department's Board do not believe that these proposals, when combined with similar increases that have been applied over the past few years, are sustainable particularly given the current economic climate and the significant deficit in public sector finances.

With regard to Contributory benefits, the Department has previously noted that the Social Insurance Fund is currently operating at a deficit which is a matter that requires addressing as soon as possible. Also, given that the Fund is operating at a deficit, the Department is surprised that the Social Security Department is recommending increases of 3.6% in contributory benefits (0.5% above the RPIX figure at 30 June 2012), particularly given the fact that since 2005, benefits have increased by 29% (the uprating policy for contributory benefit rates has been to increase by the mid-point between the increase in RPIX and the increase in earnings but since 2005 RPIX has increased by 22% and nominal earnings have increased by 24%).

In respect of the Grants to the Insurance and Health Service Funds and Non-Contributory benefits which are funded from General Revenue, set out below is a summary of the estimated Social Security Formula-Led expenditure if the proposals in this Report are approved:

	2011 Actual	2012 Budget	2012 Latest Estimate	2013 Estimate
Grant to Insurance Fund	13,837,000	14,360,000	14,360,000	14,900,000
Grant to Health Service Fund	4,173,000	4,360,000	4,335,000	4,495,000
Attendance and Invalid Care Allowances	3,388,000	3,740,000	3,715,000	4,065,000
Family Allowances	9,308,000	9,515,000	9,570,000	9,870,000
Supplementary Benefits	17,951,000	17,730,000	19,700,000	20,200,000

Concessionary TV Licences	577,000	600,000	600,000	620,000
TOTAL	49,234,000	50,305,000	52,280,000	54,150,000
Increase on previous year	4.7%	2.2%	6.2%	*7.6%

* percentage increase compared to the 2012 Original Budget Estimate.

The additional costs of £1,975,000 in 2012 will be met from the Budget Reserve and underspends by other Departments.

Although the Social Security Department is recommending that non-contributory benefit levels are increased in line with inflation, apart from the increase in benefit limitation, the overall cost of Social Security Formula-Led expenditure in 2013 is expected to increase by £3.85m compared to the original 2012 Budget estimate which is a 7.6% increase, around 4.5% in real terms.

Expenditure on Supplementary Benefits is estimated to increase by 13.9% compared to the original 2012 Budget estimate, or around 10.8% in real terms. The Treasury and Resources Department is disappointed to note that the Social Security Department is not recommending any additional measures to encourage non-working supplementary benefit claimants to work or, in certain circumstances, to remove the eligibility to benefit, for example, by lowering the age of the youngest child at which single parents are not required to job seek.

It is noted that the 11.1% rise in the benefit limitation from £450 to £500 is a real terms increase of £36 and is estimated to cost an additional £66,000 in respect of existing claimants. However, the States Report does not include an estimate of the potential number and cost of new claimants as a direct result of the increased benefit limitation level.

It is recognised that Supplementary Benefits payments are demand led and a significant increase in the number of claimants is the primary reason for the above RPIX increase in expenditure. However, the States have agreed that one of the objectives within the Strategic Plan for Fiscal and Economic Policy is a real term freeze on aggregate revenue expenditure. States Members should therefore be aware that if they support the proposals in this report there will be a real terms reduction in the budget available for Non-Formula Led expenditure of £2.25m. This reduction will be in addition to the Financial Transformation Programme targets.

Yours sincerely



Gavin St Pier
Minister)

(NB The Policy Council notes the recommendations in the report which has confirmed the need for an urgent wholesale review of personal tax and social security contributions which will commence at the earliest opportunity to ensure that any changes to secure the sustainability of the social insurance funds is done with full consideration to issues of fairness, social objectives and the overall tax burden. Such moves will also need to be informed by the long term funding pressures resulting from demographic change and as such will need to be informed by the reviews of long term care and health care (20/20). Similarly, it is noted that, whilst numerically small, changes to maximum benefit limitations do serve to increase the costs of the system and, as such, the future review of supplementary benefits must take incentives into account and not unintentionally act to institutionalise welfare dependency.)

The States are asked to decide:-

IV.- Whether, after consideration of the Report dated 14th August, 2012, of the Social Security Department, they are of the opinion:-

1. That, from 7 January 2013, the standard rates of pension and contributory social insurance benefits shall be increased to the rates set out in that Report.
2. That the requirement in the Social Insurance (Guernsey) Law, 1978 that the “qualifying spouse” must be over 45 years of age at the time of their spouse’s death in order to qualify for bereavement allowance be removed.
3. That, from 1 January 2013, the prescription charge per item of pharmaceutical benefit shall be £3.20.
4. That, from 7 January 2013, the contribution (co-payment) required to be made by the claimant of care benefit, under the long-term care insurance scheme, shall be £182.98 per week.
5. That, from 7 January 2013, nursing care benefit shall be a maximum of £756.98 per week for persons resident in a nursing home or the Guernsey Cheshire Home and residential care benefit shall be a maximum of £405.44 per week for persons resident in a residential home.
6. That, from 7 January 2013, elderly mentally infirm (EMI) care benefit shall be a maximum of £534.24 per week for qualifying persons resident in a residential home.
7. That, from 7 January 2013, respite care benefit shall be a maximum of £939.96 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home, an elderly mental infirm rate of £717.22 for persons receiving respite care in a residential home and a maximum of £588.42 per week for persons receiving respite care in a residential home.

8. That, from 4 January 2013, the supplementary benefit requirement rates shall be as set out in paragraph 94 of that Report.
9. That, from 4 January 2013, the weekly benefit limitations for supplementary benefit shall be:
 - (a) £500 for a person living in the community;
 - (b) £501 for a person who is residing in a residential home; and
 - (c) £720 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home or as an elderly mental infirm resident of a residential home.
10. That, from 4 January 2013, the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit shall be £28.70 per week.
11. That, from 4 January 2013, the amount of the personal allowance payable to persons in UK hospitals or care homes who are in receipt of supplementary benefit shall be £48.34 per week.
12. That a supplementary fuel allowance of £27.93 per week be paid to supplementary beneficiaries who are householders from 26 October 2012 to 25 April 2013.
13. That, from 4 January 2013, maximum rent allowances be introduced for single people and couples without children living in rented accommodation and people living in shared accommodation.
14. That, from 7 January 2013, family allowance shall be £15.90 per week.
15. That, from 7 January 2013, the rates of attendance allowance and invalid care allowance and the annual income limits shall be as set out in paragraph 123 of that Report.
16. That the Treasury and Resources Department be directed to take account of the 2013 estimates for Social Security Department Formula Led expenditure when recommending, as part of the 2013 Budget Report, Cash Limits for Departments and Committees.
17. To approve the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.
18. To approve the draft Ordinance entitled “The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance.

19. To approve the draft Ordinance entitled “The Health Service (Benefit) (Amendment) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.
20. To approve the draft Ordinance entitled “The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.
21. To approve the draft Ordinance entitled “The Supplementary Benefit (Implementation) (Amendment) (No.2) Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.
22. To approve the draft Ordinance entitled “The Family Allowances Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.
23. To approve the draft Ordinance entitled “The Attendance and Invalid Care Allowances Ordinance, 2012”, and to direct that the same shall have effect as an Ordinance of the States.

COMMERCE AND EMPLOYMENT DEPARTMENT

AIRCRAFT REGISTRY

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

7th August 2012

Dear Sir

1. Executive Summary

- 1.1 This report provides an update on the Commerce and Employment Department's project to establish an aircraft registry in Guernsey and identifies the legislative requirements for the creation of a registry.
- 1.2 It also proposes a number of amendments to Guernsey's current aviation legislation in addition to those necessary for the establishment of a registry which can usefully be effected as part of the revision of the Bailiwick's aviation legislation.

2. Background

2.1 On 30th September 2011¹, the States resolved:

1. *To approve in principle the establishment of:-*
 - a) *a Channel Islands aircraft registry, subject to agreement with the relevant authorities in Jersey; or*
 - b) *in default of such agreement within such time frame as the Department considers reasonable, a Guernsey aircraft registry on the basis set out in this States Report.*
2. *To direct the Department to work with the Law Officers to identify the necessary legislative requirements for the establishment of a Registry and to report back to the States outlining the necessary legislation.*

¹ Article 16 of Billet d'État XV (Volume 1) of 2011

3. *To direct the Department to appoint a commercial partner for the proposed Registry.*
4. *To delegate authority to the Treasury and Resources Department to approve the Full Business Case for the establishment of a Guernsey Aircraft Registry.*

3. Update on progress with the Aircraft Registry project

- 3.1 It has not yet been possible to reach agreement with the relevant authorities in Jersey on the establishment of a Channel Island Aircraft Registry and the Department has therefore decided to proceed with the establishment of a Guernsey Aircraft Registry while keeping open the opportunity for discussions with Jersey. It may still be possible to transform the project into a joint one prior to the business case and law changes being put forward for approval, should agreement be reached.
- 3.2 The following sections of this report outline the legislation required for the establishment of the Guernsey Aircraft Registry in accordance with Resolution 2.
- 3.3 A competitive tender process was conducted culminating in the appointment of SGI Aviation as the commercial partner for the project. SGI Aviation is working with the Director of Civil Aviation (DCA) to complete the Full Business Case for the establishment of a Guernsey Aircraft Registry and to develop all necessary policies and procedures. Resolution 3 has therefore been complied with.
- 3.4 The project is in progress and on schedule. There are four main parallel work streams: drafting of the legislative changes; development of the associated technical requirements and procedures; development of the supporting software application; and development of the detailed business case for approval by Treasury and Resources in accordance with Resolution 4.
- 3.5 The Full Business Case will be submitted to the Treasury and Resources Department for approval, in compliance with Resolution 4, once it is complete.

4. Relevant legislation currently in force

- 4.1 At present, the key piece of aviation legislation in the Bailiwick of Guernsey is the Aviation (Bailiwick of Guernsey) Law, 2008. It is a comprehensive piece of legislation covering the establishment of the Office of the Director of Civil Aviation; DCA roles, functions and responsibilities; general regulation of civil aviation with respect to the environment; as well as detailed provisions relating to air navigation. It includes, for example, schedules covering the Rules of the Air and the Carriage of Dangerous Goods, some of which require to be updated to take account of the introduction of Standardised European Rules of the Air.

5. Legislative proposals

5.1 Amendment of the Aviation (Bailiwick of Guernsey) Law, 2008

The powers of the DCA under this existing Law will be reviewed in the light of the recent appointment of an Aviation Security Regulator, who also acts in the role of deputy DCA. The States resolved on 28th July 2011² to extend the function of the DCA to cover regulating aviation security within the Bailiwick. It is intended to take the opportunity formally to incorporate that resolution into Law under these proposals and to provide additional powers where necessary, to ensure that the Aviation Security Regulator is properly able to regulate and enforce aviation security in an appropriate manner.

5.1.1 The existing provisions of Part II will be reviewed to ensure that it:

- permits arrangements to be made for the investigation of accidents outside of the Bailiwick involving aircraft registered in Guernsey;
- Requires the reporting to the Director of Civil Aviation of births and deaths occurring in any part of the world in aircraft registered in Guernsey so that these may be appropriately registered and permit the Department by regulation to provide for the recording by the DCA of missing persons where there are grounds to suspect that they have died as a result of an accident involving an aircraft registered in Guernsey.
- Contains such consequential amendments as are necessary as a result of the establishment of a registry and the amendment of the existing legislation.

5.1.2 Part III (Provisions Relating to Air Navigation) will be repealed. The provisions of this Part will provide the foundation for the new Air Navigation (Bailiwick of Guernsey) Law described at 5.2 below.

5.2 Air Navigation (Bailiwick of Guernsey) Law

5.2.1 A new Bailiwick wide Law will be enacted, based upon Part III of the existing Aviation (Bailiwick of Guernsey) Law, 2008.

5.2.2 The existing provisions of Part III will be reviewed and expanded to ensure that the new Law:

- Incorporates relevant updates that need to be made to the Air Navigation Rules, in light of recent changes to the United Kingdom Air Navigation Order and also to the United Kingdom Overseas Territories Air Navigation Order ('ANO'), the model for Part III.

² Article 7 of Billet d'État XIII of 2011

These cover issues such as a new offence related to the malicious use of lasers against aircraft in flight and air traffic control positions and a revised definition for ‘small aircraft’;

- Includes additional provisions relating to aerial work to clarify the powers of the DCA to issue aerial work certificates for commercial aviation activities, other than public transport, conducted in the Bailiwick;
- Requires that landings in the Bailiwick that are not made on a licensed airfield require the prior permission of the DCA;
- Introduces all requirements necessary to meet the international obligations imposed upon a territory with an aircraft registry, including airworthiness, personnel licensing and operations provisions, in order that the UK authorities can be satisfied that they will meet their obligations as the State of Registry under the International Convention on Civil Aviation;
- Permits the Director of Civil Aviation (‘DCA’) to accept international certifications that comply with International Civil Aviation Organisation (‘ICAO’) standards;
- Contains such consequential amendments as are necessary as a result of the establishment of a registry and the amendment of the existing legislation.

5.3 Aircraft Registry (Guernsey) Law

5.3.1 This will be an entirely new piece of legislation which will contain the provisions that are necessary for the establishment of the aircraft registry in Guernsey. It will not be a Bailiwick Law, as the Registry will be located solely in Guernsey.

5.3.2 The Law will:

- Permit the registration of aircraft in Guernsey in accordance with international standards as set out in the Convention on International Civil Aviation (‘the Chicago Convention’);
- Create the Guernsey Aircraft Registry and the Office of Registrar of Aircraft;
- Create Registers of Aircraft, Aircraft Engines and Aircraft Charges;
- Permit the Department to prescribe by regulation the eligibility criteria for who may apply to register an aircraft. In principle, the ability to

register will be restricted to any legal person resident in the Bailiwick of Guernsey or natural persons resident in either the Bailiwick of Guernsey or the Bailiwick of Jersey. This will ensure that the demand from the Channel Island private aviation community for a local registration is met but also that the secondary benefits from the corporate side of the market are generated within the Bailiwick. However, some flexibility in defining the eligibility criteria is needed to ensure that the aircraft registry is able to respond appropriately to capture certain strands of the potential market;

- Define the scope of the aircraft that may be registered on the Register. The Law will provide for the registration of private aircraft operations and aircraft conducting limited commercial activities known as “aerial work”; excluding microlight aircraft and aircraft of the kind operated on a national ‘Permit to Fly’, as opposed to an ICAO compliant Certificate of Airworthiness. In the paragraph 5.3 of the Report on the establishment of an Aircraft Registry, the Department proposed that the primary legislation that will be required to establish the Register should permit the registration of all categories of aircraft operation so that the scope of the Registry can be expanded in future if so desired. As matters have progressed since September 2011 the Department has come to the view that, whilst this is desirable in principle, such an approach is not desirable in practice. The Department has no intention to register commercial aircraft carrying passengers and/or cargo and the decision to do so in future is not one that would be taken lightly. It would involve significant planning and the development of new policies and procedures, and may incur a significant additional liability exposure in the event of any accidents. Therefore it is only necessary to permit the registration of non-commercial aircraft. Any potential expansion to commercial aircraft may be dealt with by way of future primary legislation, should that ever be considered to be desirable;
- Identify the procedural requirements for the registration of aircraft and create powers to prescribe appropriate fees;
- Permit outsourcing of the performance of licensing and oversight activity to the private sector;
- Permit security to be taken over registered aircraft and components in the form of a statutory charge, reflecting the provisions of the Cape Town Convention on International Interests in Mobile Equipment; it is essential for the success of the aircraft registry that adequate security can be taken over aircraft and their components, as the vast majority of aircraft registered in Guernsey will be purchased with third party finance and the third party will require adequate security before agreeing to advance funding. Guernsey’s general securities interests legislation, including the Law of Property (Miscellaneous Provisions)

Law, 1979 and the Securities Interests (Guernsey) Law, 2003, does not at present permit security to be taken over tangible moveable property. Therefore, in order for the validity and enforceability of security over aircraft registered in Guernsey to provide sufficient protection and certainty to third parties, it is necessary for a special regime to be created in this Law. The Cape Town Convention is a treaty which includes international standards for the registration of security interests and includes a Protocol specific to aircraft and aircraft engines. The United Kingdom has signed, but not yet ratified the Convention, so it cannot be extended to Guernsey. However, the relevant provisions of the Convention can be mirrored in domestic legislation to provide the international community with reassurance that Guernsey applies internationally accepted standards;

- Contain such other provisions as are necessary, including consequential, ancillary or incidental provisions required as a result of the establishment of a registry, including penalties, offences, removal from the Register, making of appeals, service of documents, certification and the amendment of the existing legislation.

6. Consultation

- 6.1 The Department has consulted widely with the local finance and aviation communities on the principle of the establishment of an aircraft Register.
- 6.2 Alderney has been consulted regarding the Bailiwick aspects of this proposal and has raised no issues.
- 6.3 Sark has been consulted regarding the Bailiwick aspects of this proposal and has raised no issues.
- 6.4 The Law Officers have been consulted regarding this proposal and have raised no issues.

7. Recommendations

- 7.1 The Commerce and Employment Department asks the States to approve the drafting of the legislation set out in this report.

Yours faithfully

K A Stewart
Minister

A H Brouard
Deputy Minister

D de G de Lisle
M P J Hadley
L B Queripel

**APPENDIX 1
DRAFTING OF LEGISLATION – PRIORITY RATING SCHEME
STATES REPORT AIRCRAFT REGISTER**

Criteria

Criterion 1 – Need for legislation

Projets de Loi will be required to:

- Amend the Aviation (Bailiwick of Guernsey) Law, 2008
- Create the Air Navigation (Bailiwick of Guernsey) Law
- Create the Aircraft Registry (Guernsey) Law

as set out in the Report.

Criterion 2 – Funding

No funding is required as a direct result of the legislation.

The Report on the establishment of an Aircraft Registry identified the funding requirements for the operational establishment of an aircraft registry.

Criterion 3 – Risks and benefits associated with enacting/not enacting the legislation

An Aircraft Registry cannot be established without enacting the necessary legislation. There is a clear demand from the aviation and finance industries for the establishment of an Aircraft Register and not enacting the necessary legislation would mean that the potential economic opportunity identified in the Report on the establishment of an Aircraft Registry would not be realised.

Criterion 4 – Estimated Drafting Time

Two months

(NB As there are no resource implications identified in the report, the Treasury and Resources Department has no comments to make.)

(NB The Policy Council has no comment on the proposals.)

The States are asked to decide:-

V.- Whether, after consideration of the Report dated 7th August, 2012, of the Commerce and Employment Department, they are of the opinion to direct the preparation of such legislation as may be necessary to give effect to the proposals.

ENVIRONMENT DEPARTMENT

**ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004
PART VI – WATER POLLUTION**

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

21st August 2012

Dear Sir

Executive Summary

1. The Environment Department has received a report from the Director of Environmental Health and Pollution Regulation (the Director) regarding proposals to commence and implement Part VI - Water Pollution - of the Environmental Pollution (Guernsey) Law, 2004 (the 2004 Law). The Director's report is attached as Appendix 1.
2. The provisions of the 2004 Law were agreed by the States in 2003 ((Billet d'État II of 1997 and Article VI of Billet d'État XXVIII of 2003). The administrative and enforcement provisions of the 2004 Law (Parts I-IV and Parts IX and X) were commenced on 26th July 2006 and then Part V -Waste - was commenced and implemented on 1st June 2010, through a range of statutory instruments including the Environmental Pollution (Waste Control and Disposal) Ordinance, 2010.

Background

3. Section 1 of the 2004 Law states that “the purposes of this Law are to empower the States to enact, monitor and effectively enforce all such measures as may be conducive to the preservation and enhancement of the environment through the limitation of pollutants therein”.
4. Section 2 of the 2004 Law states that “the environment” means the media of air, water or land and “pollutant” means the presence in the environment, whether permanently or temporarily, of any pollutant, which is any substance or energy capable of causing harm to health and wellbeing of man, including damage to or deleterious interference with man's senses, harm to health of other living organisms supported by the environment or other interference with the ecological systems of which man or other living organisms form part.

5. Section 5 of the 2004 Law provides for the States, on the recommendation of the Policy Council following consultation with relevant parties, to give the Director written guidance or direction to ensure that States objectives and the purposes of the 2004 Law are fulfilled. From time to time the Policy Council may request the Director to provide updates on the progress being made with objectives and purposes of the 2004 Law as set out in Section 1.
6. Commencement and implementation of Part VI - Water Pollution - of the 2004 Law is consistent with the requirements of the States Strategic Plan and the Environment Policy Plan in ensuring protection of the public and the Island's water resources from the risk of pollution. It is also consistent with the requirements for health protection and health improvement set out in Health and Social Services Department's (HSSD) 2020 Vision Strategy and Frameworks.
7. It is recognised that certain amendments to the 2004 Law are required due to changes in governance arrangements and administrative structures within States departments since the creation of the role of the Director as the independent environmental health and pollution regulator.
8. The Environment Department agrees with the proposals and recommendations set out in the Director's report. The Health and Social Services Department, Public Services Department and St James' Chambers have been consulted.

Need for Legislation

9. The legislation is needed to -
 - (a) transfer responsibility for water regulation to the Director to avoid a possible conflict of interest or perception of bias or unfairness for the current regulator, the Guernsey Water Division of the Public Services Department; and
 - (b) commence and implement Part VI (Water Pollution) of the 2004 Law to provide a modern framework for regulation of water pollution and setting of standards for water resources including surface and ground waters.
10. It is intended that licence fees will cover the costs of the new licensing requirement for discharges into surface, ground and other waters. Other costs will be accommodated within normal departmental budgetary allocations as appropriate.
11. If the legislation is not enacted then Guernsey legislation in relation to water pollution will remain out of date with no modern standards for the Island's water resources or licensing for significant discharges to ground, surface and other waters. There would also be a potential for conflict and a perception of unfairness for Guernsey Water if it remains as water pollution regulator in view of its other functions.

12. The required legislation is significant so estimated drafting time is 4 to 5 weeks.

RECOMMENDATIONS

The Environment Department recommends the States to resolve:

- (i) to approve the proposals set out in this report to -
 - (a) amend The Environmental Pollution (Guernsey) Law, 2004, to confer functions in relation to regulation of water pollution on the Director and to extend the power to issue anti-pollution notices and related functions in relation to water pollution, or a risk of water pollution, outside the water catchment area, and to include exclusion of liability provisions (ref paragraph 8 of the Director's Report – Appendix 1),
 - (b) commence Part VI of The Environmental Pollution (Guernsey) Law, 2004, and repeal The Prevention of Pollution (Guernsey) Law, 1989, subject to the savings outlined in this report (ref paragraphs 12 to 14 of the Director's Report – Appendix 1),
 - (c) set standards for the Island's water resources as set out in Appendix 2 to this report,
 - (d) approve the proposal for an integrated management approach for prescribed operations discharging into receiving waters in accordance with proposals set out in this report (ref paragraph 28 and 29 of the Director's Report- Appendix 1),
 - (e) provide an exemption from the licensing requirement under the Food and Environment Protection Act 1985 (Guernsey) Order 1987 for operations depositing substances into the sea, within the territorial waters, which are prescribed under The Environmental Pollution (Guernsey) Law, 2004, so as to avoid a need for 2 licences for the same deposit (ref paragraph 32 of the Director's Report – Appendix 1),

Yours faithfully

R Domaille
Minister

A J Spruce, Deputy Minister
B J E Paint
B L Brehaut
Y Burford

APPENDIX 1**REPORT OF THE DIRECTOR OF ENVIRONMENTAL HEALTH AND POLLUTION REGULATION****ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004 - PART VI - WATER POLLUTION****Executive Summary**

1. The Director of Environmental Health and Pollution Regulation (the Director) recommends the drafting of the necessary legislation to commence and implement Part VI – Water Pollution - of the Environmental Pollution (Guernsey) Law, 2004 (“the 2004 Law”) and to repeal outdated legislation currently in force controlling water pollution in the current catchment area only, in particular the Prevention of Pollution (Guernsey) Law, 1989 (“the 1989 Law”).
2. The implementation of Part VI of the 2004 Law will facilitate the maintenance and improvement of the quality of all water resources in and around Guernsey and will allow the Director to implement controls over polluting installations, equipment, discharges and practices which could damage water quality and potentially lead to adverse health effects. The 2004 Law extends to the territorial waters adjacent to Guernsey.
3. The proposals contained in this report will introduce standards for all water resources appropriate to Guernsey’s unique water catchment, ground and surface water, and will provide a regulatory framework for the proportionate regulation of water pollution and potentially polluting operations and discharges aimed at protecting human health, ecosystems and the environment.

Background

4. The purpose of this Part of the 2004 Law is to enable the States to better control the nature, volume and concentration of pollutants introduced into, or present in water, whatever their origin. It provides for protection of all water resources. It is an offence under Part IX of the 2004 Law to breach the requirement of an anti-pollution notice or of an Ordinance made under Part VI. Penalties for offences under the 2004 Law are set a Level 5 i.e. up to £20,000 per offence and/or up to 2 years imprisonment.
5. At present the Guernsey Water division of the Public Services Department (Guernsey Water) has regulatory control over water pollution in the catchment, including service of anti-pollution notices under the 1989 Law. The 2004 Law includes wider powers for protection of all the Island's water resources including

provision in relation to setting of standards and pollution of the sea. The 2004 Law also provides for the repeal of the 1989 Law, and legislation made under it, by Ordinance where provisions of the Law supersede them.

6. Both the 1989 and 2004 Laws, as originally drafted, provided for water pollution to be regulated by the States of Guernsey Water Board. The Machinery of Government changes transferred these functions to the Public Services Department (PSD) because Guernsey Water is currently part of PSD. As PSD is the drinking water and sewage disposal service provider, this now means that they regulate themselves for those aspects of water pollution.
7. This situation means that there is a potential conflict for PSD between its various functions and may give rise also to allegations of bias or unfairness where it is making decisions in relation to pollution caused by other parts of PSD. Therefore, some changes to Part VI of the 2004 Law are desirable before that Part is commenced.

Amendment to the 2004 Law

8. It is proposed that an amendment is made to the 2004 Law to confer all the regulatory functions in Part VI, which are currently conferred on PSD, on the Director. This would be consistent with other parts of the 2004 Law where the regulatory functions are conferred on the Director. This cannot be done by a Transfer of Functions Ordinance as these can only be made in relation to transfers between States Departments.
9. The functions to be conferred on the Director would include the serving of anti-pollution notices and powers enabling the Director to enter land to take samples, carry out inspections etc. to ascertain whether water pollution, or a risk of the same, is occurring under sections 42 to 45 of the Law. The proposed amendments would also mean that the States would have a power to provide for the Director, as well as any States Department, to make statutory instruments under section 41 of the 2004 Law.
10. Part VI of the 2004 Law currently provides for additional powers in the water catchment area. In particular the powers to issue anti-pollution notices and powers to enter to carry out inspections and examinations under section 44 and 45 can only be exercised in relation to water pollution in the catchment area. Guernsey Water would favour amending these sections so that the powers can be exercised throughout the island. The reason for this is that contamination outside of the present water catchment area can, in certain circumstances, jeopardise the quality of water supplies.
11. This has been discussed with the PSD Board and St. James Chambers and has their agreement. Guernsey Water has been consulted and also supports these proposals.

Repeal of the 1989 Law

12. In order to implement Part VI of the 2004 Law it will be necessary to repeal the 1989 Law. This will include the States Water Supply (Prevention of Pollution) Ordinance, 1966 (the 1966 Ordinance) as the new legislation will include the necessary provisions to prevent risk from harm and to protect water resources.
13. It is proposed that the new Ordinance will provide for an offence for any activity that gives rise to risk of pollution to water resources. Therefore, the provisions of the 1966 Ordinance for the permitting of development works will be removed thus reducing the burden on householders and local businesses. This provision in the new Ordinance will also include issues such as the disposal of animal carcasses which may give rise to the risk of pollution and will require the repeal of the Animal Carcasses (Prevention of Pollution) Ordinance 1966.
14. New provisions for the protection of shellfish beds/fisheries will be introduced under the forthcoming Food Safety legislation (Billet d'Etat VIII, 2011) which will repeal existing provisions for water pollution affecting shellfish beds/fisheries made under the 1989 Law. The Food Safety (Live Bivalve Molluscs and Other Shellfish) Ordinance, 1996, made under the 1989 Law, will remain in force until the food safety provisions are implemented.
15. Provisions of the Ordonnance relative au depot de décombres de carrier, d'immondices et d'autres debris sur les Côtes de cette Ile, 1932 regarding the depositing of debris and refuse on the coastline will be repealed as the existing new Waste Ordinance deals with such matters.

Liability of the Director

16. In concordance with other recent legislation, it is proposed that this amendment includes an exclusion of personal liability for the Director.

Ordinances under Part VI of the 2004 Law

17. The 2004 Law provides for the drafting of Ordinances to commence Part VI and to protect against water pollution.
18. The 2004 Law provides for the States by Ordinance to prohibit the introduction into water in, on or under the ground, of any substance capable of causing serious water pollution.
19. Section 3 of the Law also provides for the setting of standards for concentrations of pollutants that may be permitted from certain prescribed operations which can only be carried on under licence. This will be facilitated by making discharges at specific locations "prescribed" operations, with standards of discharge based around protection of the environment and maintaining a potable drinking water supply.

20. The Law enables authorised officers to take water samples for examination and analysis to ensure that the quality of water is maintained.

Standards for Island Water Resources

21. Routine sampling of the Island's water resources is already undertaken but there are currently no local standards that can be applied. The setting of standards will need to take into consideration the protection of human health, eco-systems and the environment. This will also include monitoring parameters for surface and ground water to identify and control significant pollution that may affect the water supply, human health, ecosystems or the environment, for example, discharges of sewage, trade effluents, chemical spills etc. on land.
22. The proposed standards are attached as Appendix 2. It is proposed that the legislation will provide for the Director to set the standards by statutory instrument. The proposed standards have been devised to take account of Guernsey's unique water catchment area. It should be noted that, although some comparison has been made with the UK ground water standards, the local standards have taken account of local pollutants and are proposed to provide the necessary controls to protect and maintain the quality of Guernsey's drinking water supply.
23. Where standards are set, the Director must take them into account in considering applications for licences for prescribed operations and conditions may be attached to licences in relation to compliance with such standards. The only current prescribed operations are certain waste operations.
24. Failure to comply with standards or the conditions applied to the licences for prescribed operations will be an offence.

Drinking Water Quality

25. Drinking water quality is currently regulated by Guernsey Water as discussed in paragraphs 5 and 6. It is proposed that a further report will be laid before the States, at a later date, with proposals for standards for drinking water quality once the governance arrangements for Guernsey Water/Wastewater have been agreed. The States have resolved that the Director will be empowered to act as a shadow Environmental Regulator in regard to water quality during the transition. (Billet D'État III, 2012).

Prescribed Operations

26. Section 13 of the 2004 Law provides that the States may by Ordinance, prescribe any operation that may involve a risk of environmental pollution, and in this context, operations that may lead to the risk of water pollution, e.g. piped effluent/sewage discharges.

27. It is not intended that activities such as slurry spreading by farmers should be prescribed operations, as such activities are managed through the Agricultural Code of Good Practice. However, the general requirement to protect groundwater from pollution will apply to all activities.
28. The 2004 Law provides that conditions may be prescribed on the substances that may be discharged into water, or into the sea. To protect water resources significant discharges would need to be controlled by licence. These licences would be subject to conditions which would limit the nature, type and quantity of substances discharged into “receiving waters”. Receiving waters are those bodies of water in the natural environment e.g. ground water, streams, the sea etc that may become polluted by the discharge entering them.
29. Having reviewed the regulatory processes undertaken in the UK, the devolved administrations and in Europe, the Director proposes that discharges into receiving waters should be licensed through an integrated management approach of risk assessment of the volume of concentrations of pollutants discharged and the nature of the dispersion zone. All significant discharges into receiving waters will be prescribed operations.
30. This means that each application for a prescribed operation, i.e. discharge into receiving waters, is assessed on its merits and measured against standards in a range of statutory instruments and technical guidance, rather than using a set standard for various pollutants at the pipe end. This will take account of the local environment in the dispersion zone and the impact of the discharge on that environment, which includes ecosystems and human health. In European jurisdictions this would typically include conditions applied to licences for prescribed operations that would be in compliance with the following EU Directives:-
 - The Urban Waste Water Treatment Directive (91/271/EEC)
 - The Drinking Water Directive (98/83/EC)
 - The Water Framework Directive (2000/60/EC)
 - The Nitrates Directive (91/676/EEC).
31. The Ordinance will make provision for ‘transitional arrangements’ so that existing operations, that may be prescribed operations, will have two months to make an application for a licence and so be deemed to be licenced until determined by the Director. The mechanism for appeals against decisions of the Director in respect of licences for prescribed operations will be identical to the provisions already established in the Waste Ordinance.

Food and Environment Protection Act 1985 (Guernsey) Order 1987 (FEPA) as extended to the Bailiwick

32. The Health and Social Services Department (HSSD) has the current responsibility of issuing licences which permit the deposit in the sea of potentially polluting substances or articles and related activities and for providing for exemptions from the licence requirement. In order to prevent the duplication of licensing requirements on those depositing substances into the sea within Guernsey's territorial waters, it is proposed, as agreed with HSSD, that any such operation prescribed within the terms of the 2004 Law will be exempt from FEPA licensing. FEPA licensing will continue to be required for deposits in the territorial waters around Sark and Alderney until such time as those jurisdictions have appropriate provisions in place to control water pollution. At which time consideration may be given to the repeal of the Bailiwick FEPA Order.

Resources

33. The Director is responsible for ensuring that suitably qualified staff are authorised to undertake the duties required by the 2004 Law. All water pollution incidents will be reported to the Director, who will ensure appropriate action is taken by the relevant teams.
34. It is intended that licence fees will cover the cost of implementation. This provision will be consistent with the fees already set by regulation for licences issued under the Waste Ordinance.
35. The present pollution control staff engaged by Guernsey Water would continue to operate under the Guernsey Water management to provide quality assurance, although may be authorised by the Director to take samples of water or effluent or to enter land to carry out inspections etc. under Part VI of the 2004 Law in relation to risks to the drinking water supply. This arrangement may need to be revised should Guernsey Water ever become a commercialised entity. Staff of the Office of Environmental Health and Pollution Regulation are also authorised by the Director to undertake enforcement action. The powers of authorised officers will be identical to those already established in the Environmental Pollution (Waste Control and Disposal) Ordinance, 2010.
36. Authorisation of staff is currently reviewed annually.

VALERIE CAMERON

Director of Environmental Health and Pollution Regulation

APPENDIX 2**GUERNSEY DISCHARGE TO SURFACE & GROUND WATER QUALITY STANDARDS**

Parameter / Substance	Unit	Guernsey Discharge to Surface & Ground Water Quality Standards	UK Ground Water Target Values
Aluminium	µg/l	150	150
Ammonium (as N)	mg/l	0.29	0.29
Anthracene	µg/l	0.55	0.55
Arsenic	µg/l	5	7.5
Benzene	µg/l	0.75	0.75
Biochemical oxygen demand (5 days)	mg O ₂ /l	3	
Boron	µg/l	750	750
Bromate	µg/l	0.0075	0.0075
Bromine	mg/l	0.05	
Cadmium	µg/l	3.75	3.75
Chemical oxygen demand, permanganate method	mg O ₂ /l	7	
Chloride	mg/l	188	188
Chlorine	mg/l	0.5	
Chromium	µg/l	37.5	37.5
Coliforms faecal	No./100ml	500	
Coliforms total	No./100ml	500	
Colour	mg/l Pt/Co	50	
Conductivity	µS/cm	1250	1875
Copper	µg/l	1500	1500
Dichloromethane	µg/l	7.5	7.5
Dissolved oxygen	mg O ₂ /l	7 (minimum)	
Ethylbenzene	µg/l	300	
Fluoranthene	µg/l	0.58	0.58
Fluoride	mg/l	1.13	1.13
Lead	µg/l	7.3	18.8
Manganese	mg/l	0.1	
Mercury	µg/l	0.75	0.75
Naphthalene	µg/l	13.3	13.3
Nickel	µg/l	15	15
Nitrate (as NO ₃)	mg/l	42	42
Odour	Natural odour	Natural odour	
Oil products total	mg/l	No visible film	

Perfluorooctanoic acid	µg/l	0.3	
Perfluorooctane sulphonate	µg/l	0.3	
Pesticides individual (i)(ii)	µg/l	0.075	0.075
Pesticides total (iii)	µg/l	0.4	
pH	pH	6.5-8.5	
Phenol	µg/l	7.5	7.5
Phosphate	µg/l	536	536
Radiation: gross alpha	Bq/l	0.075	
Radiation: gross beta	Bq/l	0.75	
Sodium	mg/l	113	113
Streptococci faecal	No./100ml	500	
Sulphate	mg/l	188	188
Surfactants (reacting with methyl blue)	mg/l (laurysulphate)	0.2	
Suspended solids	mg/l	10	
Total organic carbon	mg/l	5	
Toluene	µg/l	20	276
Total iron	mg/l	1	
Tritium	Bq/l	75	
Turbidity	NTU	20	
Water temperature	°C	Natural temperature variations	
Xylene	µg/l	15	37.5
Zinc	µg/l	3750	3750

(i) Pesticides are defined as - (a) any organic insecticide; (b) any organic herbicide; (c) any organic fungicide; (d) any organic nematocide; (e) any organic acaricide; (f) any organic algicide; (g) any organic rodenticide; (h) any organic slimicide, and (i) any product related to any of (a) to (h) (including growth regulators), and including their relevant metabolites, degradation and reaction products.

(ii) The parametric value applies to each individual pesticide.

(iii) "Pesticides total" means the sum of the concentrations of the individual pesticides detected and quantified in the monitoring procedure.

(NB As there are no resource implications identified in the report, the Treasury and Resources Department has no comments to make.)

(NB The Policy Council has no comment on the proposals.)

The States are asked to decide:-

VI.- Whether, after consideration of the Report dated 21st August, 2012, of the Environment Department, they are of the opinion:-

1. To approve the proposals set out in that report -
 - (a) To amend The Environmental Pollution (Guernsey) Law, 2004, to confer functions in relation to regulation of water pollution on the Director and to extend the power to issue anti-pollution notices and related functions in relation to water pollution, or a risk of water pollution, outside the water catchment area, and to include exclusion of liability provisions as set out in Appendix 1 to the Report.
 - (b) To commence Part VI of The Environmental Pollution (Guernsey) Law, 2004, and repeal The Prevention of Pollution (Guernsey) Law, 1989, subject to the savings outlined in Appendix 1 to the report.
 - (c) To set standards for the Island's water resources as set out in Appendix 2 to the report.
 - (d) To implement an integrated management approach for prescribed operations discharging into receiving waters in accordance with proposals set out in Appendix 1 to the report.
 - (e) To provide an exemption from the licensing requirement under the Food and Environment Protection Act 1985 (Guernsey) Order, 1987, for operations depositing substances into the sea, within the territorial waters, which are prescribed under The Environmental Pollution (Guernsey) Law, 2004, so as to avoid a need for 2 licences for the same deposit.

HOME DEPARTMENT

2011 DATA PROTECTION ANNUAL REPORT

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

6th August 2012

Dear Sir

I enclose the Annual Report from the Data Protection Commissioner setting out the activities of her office for the year ending 31 December 2011.

The Report is prepared in accordance with the Commissioner's responsibilities under paragraph 5 of Schedule 5 to the Data Protection (Bailiwick of Guernsey) Law, 2001. The Report also includes a statement of accounts as required by paragraph 3(b) of the above Schedule to the Law.

This is the first Annual Report since the establishment of a pan island Commissioner was approved by the States of Deliberation in September 2011. The Department believes that the introduction of a joint Commissioner with Jersey has proved successful and has allowed both islands to benefit and deliver cost effective public services.

Finally, the Home Department would like to put on record its thanks and appreciation for the work undertaken by the Commissioner and her office. High standards of data protection are vital in ensuring the good international reputation of the Bailiwick

Section 52(b) of the Law requires the report to be laid before the States. I should therefore be grateful if you would arrange for its publication as an Appendix in the next available Billet d'Etat.

Yours faithfully

J P LE TOCQ
Minister

Enc

THE OFFICE OF THE
Data Protection Commissioner



2011 Annual Report

Data Protection

A Quick Guide

What is the Data Protection Law (DPL)?

The Data Protection (Jersey) Law 2005 and Data Protection (Bailiwick of Guernsey) Law 2001 seek to strike a balance between the rights of individuals and the sometimes competing interests of those with legitimate reasons for using personal information.

The two Laws give individuals certain rights regarding information held about them. It places obligations on those who process information (data controllers) while giving rights to those who are the subject of that data (data subjects). Personal information covers both facts and opinions about the individual.

Anyone processing personal information must notify the Data Protection Commissioner's Office that they are doing so, unless their processing is exempt.

The eight principles of good practice

Anyone processing personal information must comply with eight enforceable principles of good information handling practice.

These say that data must be:

1. fairly and lawfully processed;
2. processed for one or more specified and lawful purposes;
3. adequate, relevant and not excessive;
4. accurate and up to date;
5. not kept longer than necessary;
6. processed in accordance with the individual's rights;
7. kept safe and secure;
8. not transferred to countries outside European Economic area unless country has adequate protection for the individual.

Individuals can exercise a number of rights under data protection law.

Rights of access

Allows you to find out what information is held about you;

Rights to prevent processing

Information relating to you that causes substantial unwarranted damage or distress;

Rights to prevent processing for direct marketing

You can ask a data controller not to process information for direct marketing purposes;

Rights in relation to automated decision-taking

You can object to decisions made only by automatic means e.g. there is no human involvement;

Right to seek compensation

You can claim compensation from a data controller for damage or distress caused by any breach of the Law;

Rights to have inaccurate information corrected

You can demand that an organisation corrects or destroys inaccurate information held about you;

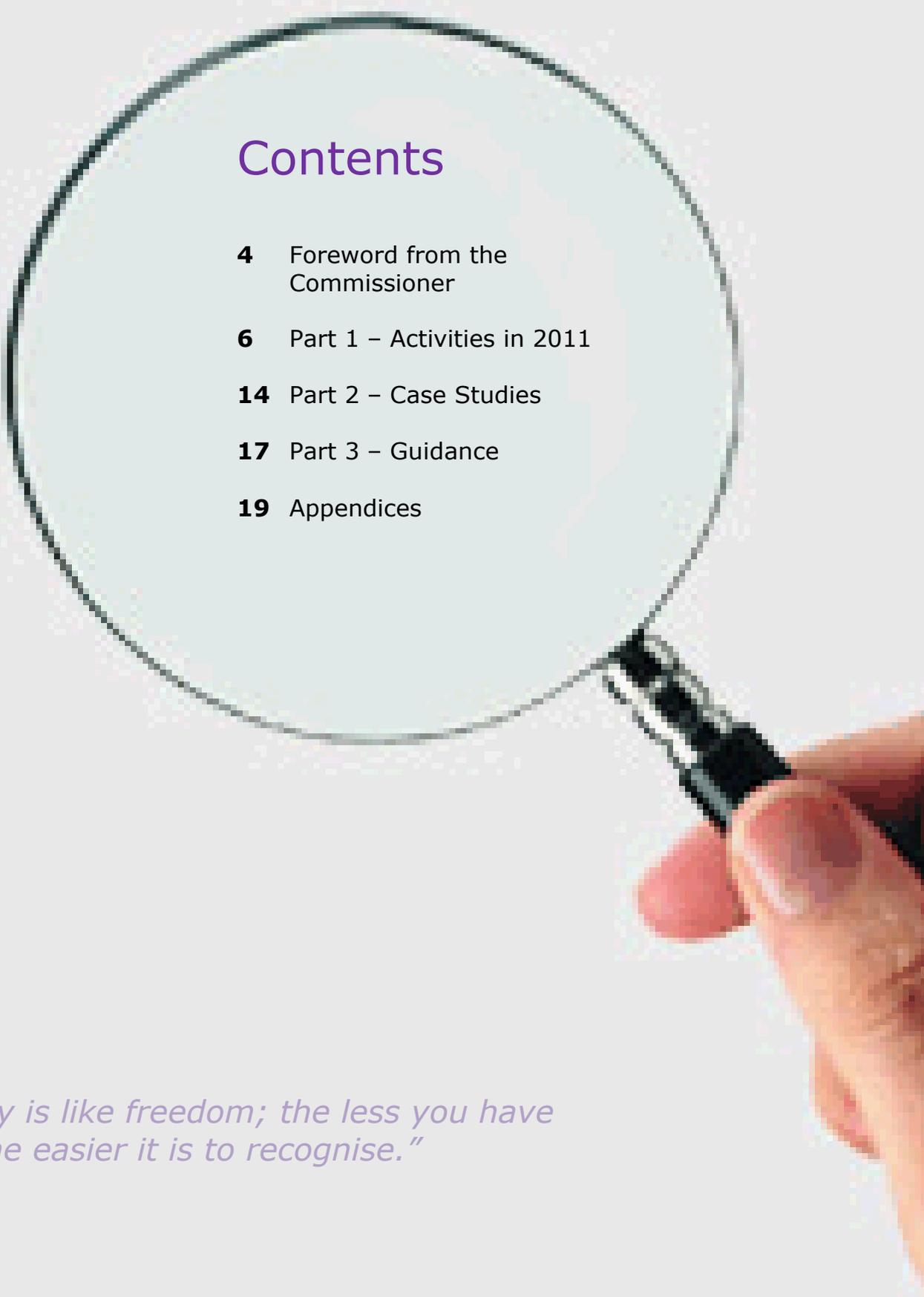
Right to complain to the Commissioner

If you believe your information has not been handled in accordance with the Law, you can ask the Commissioner to make an assessment.

What is data protection?

Data protection is the safeguarding of the privacy rights of individuals in relation to the processing of personal information. The Data Protection (Jersey) Law 2005 and the Data Protection (Bailiwick of Guernsey) Law 2001 place responsibilities on those persons processing personal information, and confers rights upon the individuals who are the subject of that information.





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"Privacy is like freedom; the less you have of it, the easier it is to recognise."

Anon

Foreword



This is my seventh report as Data Protection Commissioner for the Bailiwick of Jersey and my first as Data Protection Commissioner for Guernsey. It covers the year 2011. The Laws in both Islands are now fully operational and cover a very wide range of data and processing.

At the end of 2011 I took on the role of Data Protection Commissioner for Guernsey as the Islands continue to work more effectively together. It marks a new chapter for the offices in both Jersey and Guernsey and the staff and I are looking forward to the new challenges ahead.

The small team at the Data Protection Offices continue to respond to complex and diverse enquiries against a backdrop of fast moving technological and social change. Debates around privacy continue to hit the headlines most notably in light of the phone-hacking investigation and ongoing Leveson Enquiry. Time will tell whether we are witnessing a shift in approach to the challenging questions of balancing rights of privacy and freedom of expression. Undoubtedly, we are in the midst of much soul searching over some fundamental questions relating to conduct of certain sections of the press as well as the effect a largely unregulated internet may be having on our society.

Whilst clearly providing the majority of users with a positive experience, there is a darker side to social networking sites that recent UK media coverage has cast a spotlight on. From cyber-bullying to stalking, we are seeing the pre-internet statutory frameworks struggling to respond to the dramatically changing technological landscape. But respond it must and we are awaiting imminent developments in Europe that seek to move the regulatory framework for data protection into the internet era. Those changes will necessarily affect the Crown Dependencies and we continue to work closely with the Channel Islands Brussels office to ensure we are fully prepared.

As greater numbers of us put more and more of our personal information online, so there are increasing discussions around regulation, ownership, retention and security of that data. In Europe, the debate is centring around what is being called 'the right to be forgotten'. How much of what individuals, especially the younger generation, do should follow them into adult life? Certainly at our office we are seeing increasing numbers of young adults affected by their on-line 'baggage', especially when they move into the job-market. Increasingly, individuals are leaving behind a trail of information that is forever preserved on the internet, instantly available in a search. A permanent chronicle of their private lives – often of dubious quality or even entirely false – risks following them wherever they go.

"...it is far easier to defend privacy while you still have it, than to reclaim it once it has been lost." Emma Martins, Data Protection Commissioner

While there are many who feel that they have nothing to hide, it is far easier to defend privacy while you still have it, than to reclaim it once it has been lost. Too often, debates around privacy focus on the 'celebrity culture' where individuals actively seek out media attention. This risks significantly underestimating the impact privacy issues can have on the average citizen. It is interesting to note that public opinion seemed to tip when the exposed privacy intrusions in the phone hacking case affected the family of a young murder victim in the UK.

The message remains one of caution. Personal data is extremely valuable and should be treated as such. It is more important than ever for citizens to make sure they deal with reputable organisations, use privacy settings and only make financial transactions on secure sites. There is a lot that individuals can do to protect themselves but the law has to play its part too. Data Protection legislation ensures organisations that handle data do so in a fair transparent and secure manner. This is vitally important for the citizens of Jersey and Guernsey and also plays a large part in contributing to overall trust and confidence for the Islands' economies. In this digital age, geographical boundaries are no constraint for companies working in a global marketplace. The Channel Islands are recognised as well regulated and reputable jurisdictions, which is fundamental in assisting growth and competitiveness of our economy.

I believe we are at the juncture of significant social and cultural change in respect of privacy. Technology is forcing the debate to happen and we need to engage with both sides of the argument. Too many legal restrictions will chill speech and stifle freedom on the internet. On the other hand, if the law is held at bay, there will be little to prevent people from injuring others. The right to the protection of personal data is not an absolute right. It must be considered in relation to its function in society and be balanced with other rights. Privacy remains, however, a fundamental right and its value for us as individuals, as a society and as a globalised world should not be underestimated.

"A man without privacy is a man without dignity; the fear that Big Brother is watching and listening threatens the freedom of the individual no less than the prison bars" Professor Zelman Cowen





Part 1 – Activities in 2011

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Introduction

The Data Protection Laws in Jersey and Guernsey create a framework for the handling of personal information across all areas of society. But what is personal data? It is information about us as individual people, which can sometimes be of a sensitive nature. The real issue is how this information about us is handled by the people to whom we entrust it.

Organisations across the Island are tasked with protecting the information they hold about individuals and are legally obliged to apply certain standards which enable them to handle that information in the correct manner. Those organisations which choose to act outside that framework do so at the risk of legal action being taken against them by the individual affected, as well as the possibility of enforcement action by the Commissioner or the Courts.

The Jersey and Guernsey Laws provide a legal basis upon which the Commissioner can exercise her powers of enforcement. As with previous years, the Commissioner was called upon more regularly to exercise those enforcement powers, however it is pleasing that the percentage of cases requiring formal enforcement action is still very low.

Unsurprisingly, the Commissioner's Office in both Islands experienced another significant rise in the number of complaints received. This can be largely attributed to the work of the office in education and improving awareness of information rights, as well as increased confidence of individuals in asserting those rights.

By far the most significant event of the year however was the appointment of a joint Data Protection Commissioner for Jersey and Guernsey. Emma Martins, already on her second term as Commissioner for Jersey was the natural successor to the retiring Dr Peter Harris in Guernsey. The move comes as the Islands' respective Governments seek more opportunities to work together in greater harmony, thus reducing unnecessary spending and increasing the effectiveness of regulatory bodies. The creation of the joint Channel Island's Competition Regulatory Authorities has set the standard moving forward and whilst the Data Protection Offices in Jersey and Guernsey remain as two separate legal entities, there is now scope for greater harmonisation between the two Islands in respect of Data Protection regulation and oversight.

Behind the scenes, much work has been undertaken to establish new working processes for both offices, both in terms of technology and operational practices, and this work will continue into 2012 and beyond.

This report is the first detailing the activities of both Offices for the year 2011.

Promoting Public Awareness

Of the many functions the Offices undertake on a daily basis, promoting the general awareness of data protection both to the public and to organisations, forms the largest and arguably one of the most important aspects of our work.

During 2011, the Offices continued to respond to a large volume of general enquiries via telephone, e-mail and post from the business sector and individuals alike. The nature of the calls varied considerably, but included enquiries such as:

- ☞ How to make, and how to deal with a subject access request;
- ☞ Sharing data between public sector organisations;
- ☞ Human resources issues, including the provision of employment references and data retention;
- ☞ Issues arising about social networking sites and internet blogs;
- ☞ The inclusion of fair processing statements on data collection forms;
- ☞ Notification queries;
- ☞ Internet security and safety, particularly in respect of protecting children's privacy;
- ☞ The impact of emerging technologies on data processing, such as cloud computing;



- ☞ Publication of photographs and personal information on the internet;
- ☞ Children's privacy.

The above list is not exhaustive and is merely an indication of the variation in the enquiries received.

As with 2010, some of the queries, such as those in relation to notification and internet issues, have prompted the review of existing guidance or the development of new guidance and good practice notes. These are ongoing and completed guidance is made available on the Commissioner's websites.

Once again, Data Protection Day was celebrated on 28th January 2011, with a number of local initiatives arranged to highlight topical areas of data protection.

"The link between democracy and privacy is not at all accidental. Without a private zone, public life is impossible."

Charles J Sykes

Customer Service and Advice Given

The Office of the Data Protection Commissioner is a public office serving the Islands' communities. It is therefore vital that it maintains a high standard of customer service and is in a position to provide the best service possible to the general public.

To many, the 'front face' of the Office is through the Commissioner's websites (www.dataprotection.gov.je and www.gov.gg/dataprotection) which detail all the latest information and guidance published. The websites are an important communication and information tool which are reviewed on a regular basis to ensure that the public has access to accurate and up to date information. The Jersey website was visited a total of 12,998 times during 2011, averaging 35 visits per day, a slight increase in the number for 2011. 37% of those visits were direct, whereas 42% were referrals through the Google search engine.

Another valuable method of increasing awareness of data protection has been through presentations given by the Commissioner and her Deputy. The Office receives many requests for speaking engagements however it would be impossible to accept all invitations due to the other commitments and activities of the staff involved. That said, the Commissioner and her Deputy delivered a total of 61 presentations across the two Islands to a wide variety of organisations during 2011, with the subject matter ranging from a general overview of the Law and Principles to more focused topics such as data security and internet data processing issues. Further details of the presentations are provided in Appendix 1.

"Processes of control, regulation and surveillance are further intensified by the rapid speed of new technologies."

Paul Lewis

Complaints and Investigations undertaken

Complaints received by the Commissioner are extremely varied in their nature and the Commissioner can exercise a number of powers including the issuing of an Information Notice, Special Information Notice, Enforcement Notice, or an Undertaking as well as seeking a criminal prosecution.

The vast majority of complaints are resolved before the need to invoke any enforcement measures such as those described. However, work on a number of significant investigations undertaken during the previous years with regard to allegations of criminal offences under the Law continued into 2011.

In a significant number of cases investigated during 2011, complaints found to be substantiated were resolved by the respective data controller updating and improving their policies and procedures, or improving the controls over their data handling.

In Jersey, 2011 saw a 16% increase in the number of complaints received on the previous year. 41% of these were in relation to allegation of unfair or unlawful processing. Again, 37% of complaints received were against the retail sector, and 18% were against public sector organisations.

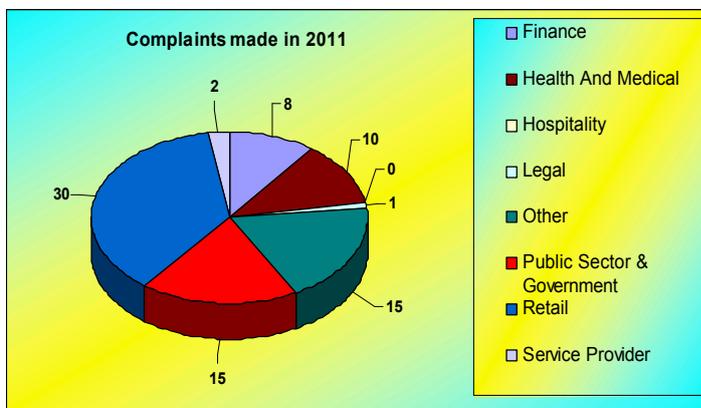
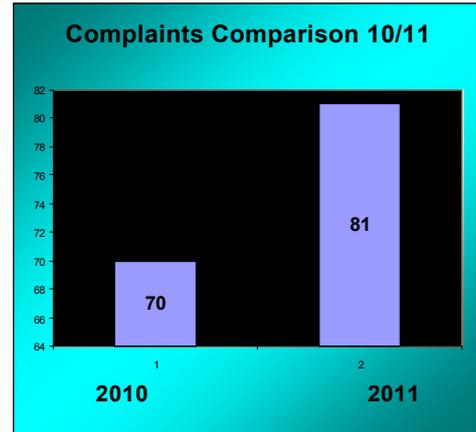
Guernsey saw a slight decrease in complaints of 3% on 2010.

One enforcement notice and one information notice were served on Jersey data controllers during 2011. No undertakings were served.

Complaints in Jersey

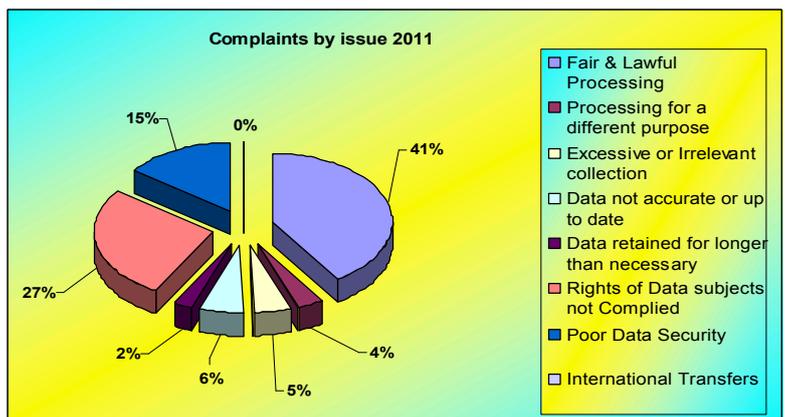
Our experiences show that in the main, data controllers are extremely co-operative and willing to assist where individuals have made complaints about the way in which their personal information has been handled.

There was a total of 81 complaints, the highest number recorded since records began in 1987. The total also represents an increase of 16% from 2010. This is more likely due to the increased public awareness of information rights.

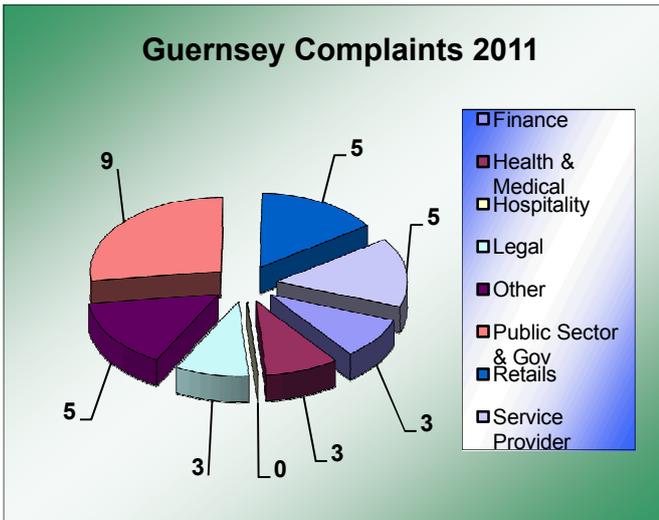


The majority of complaints received were in relation to alleged breaches by retailers. As for 2010, a number of complaints were against online retailers in particular, and continuing efforts are being made with these companies to improve 'unsubscribe' processes in respect of unsolicited marketing emails.

2011 again saw a rise of 5% in complaints relating to allegations of unfair processing, but a 9% drop in complaints where individuals' rights under the Law had not been complied with. This would indicate that data controllers are more aware of how to deal with the information rights of their customers. Complaints relating to poor data security remained the same as for 2010.



"The value of formulating, adapting and demonstrating exemplary e-privacy practices lies in the rewards it yields."
 Privacy Commissioner for Hong Kong



Complaints in Guernsey

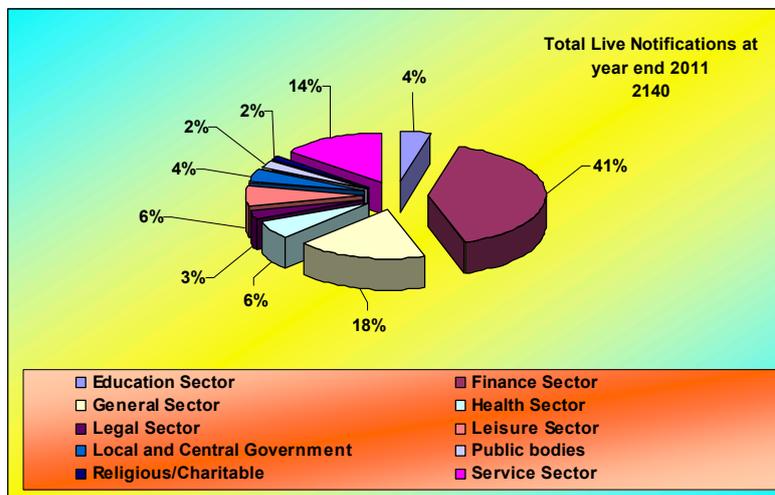
There were a total of 33 complaints during 2011, which represents a slight decrease from 2010. As the chart below indicates, 9 of these complaints were directed against public sector departments, whilst the remaining 24 related to private sector complaints. As with Jersey, the number complaints against the retail industry appears to be rising on previous years. This may be attributed to the greater awareness of data protection rights available to the general public.

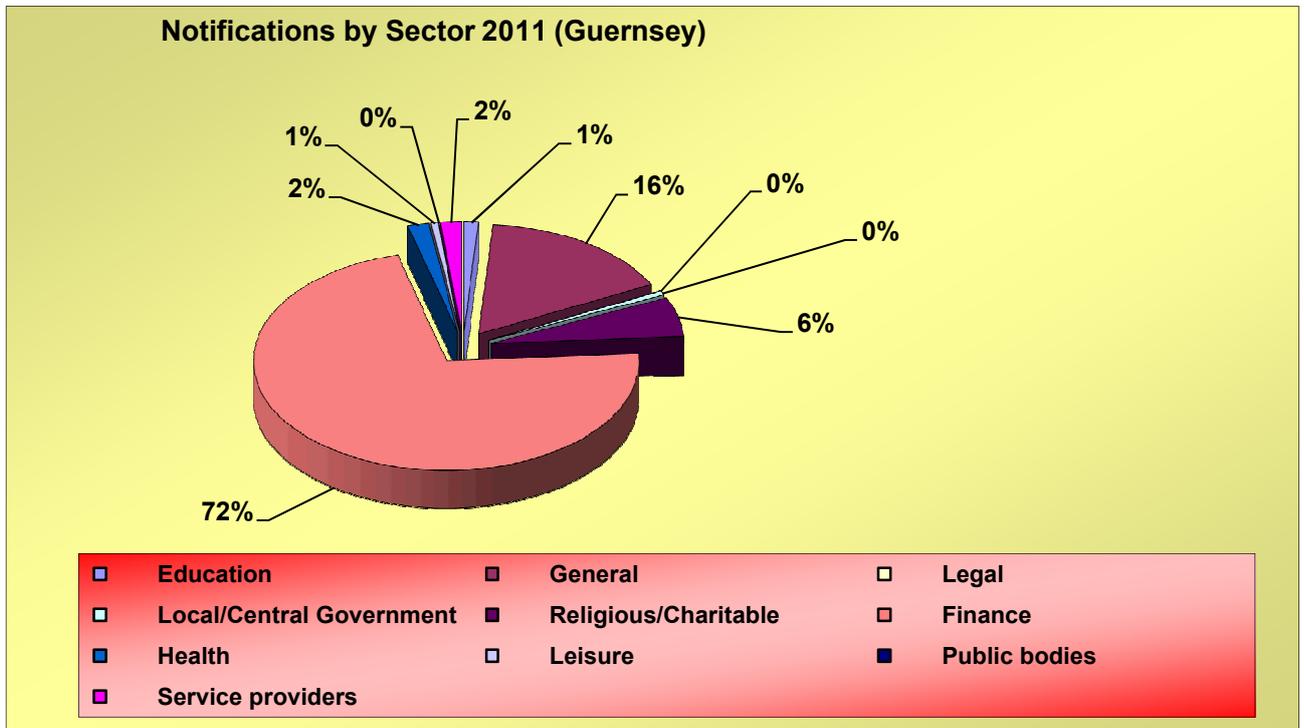
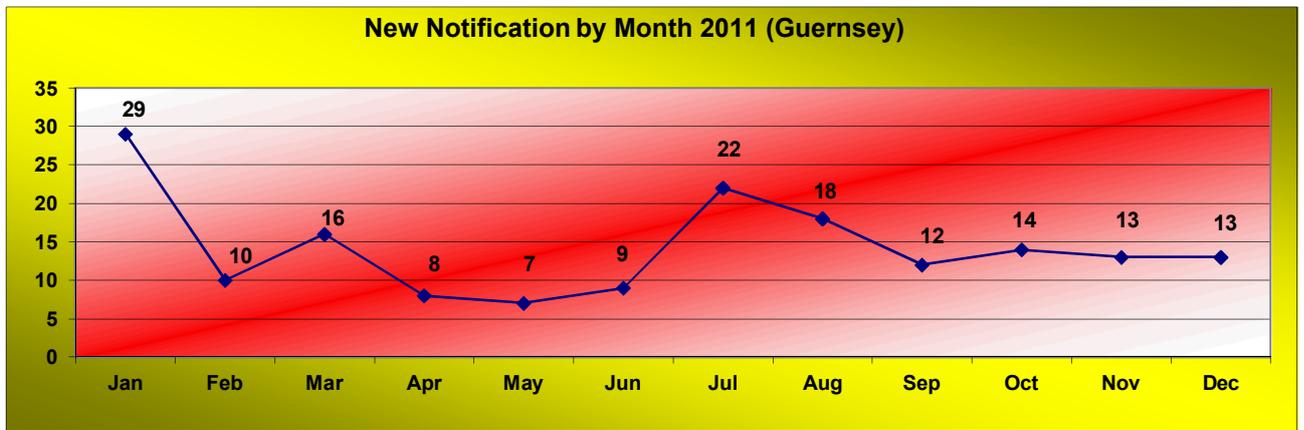
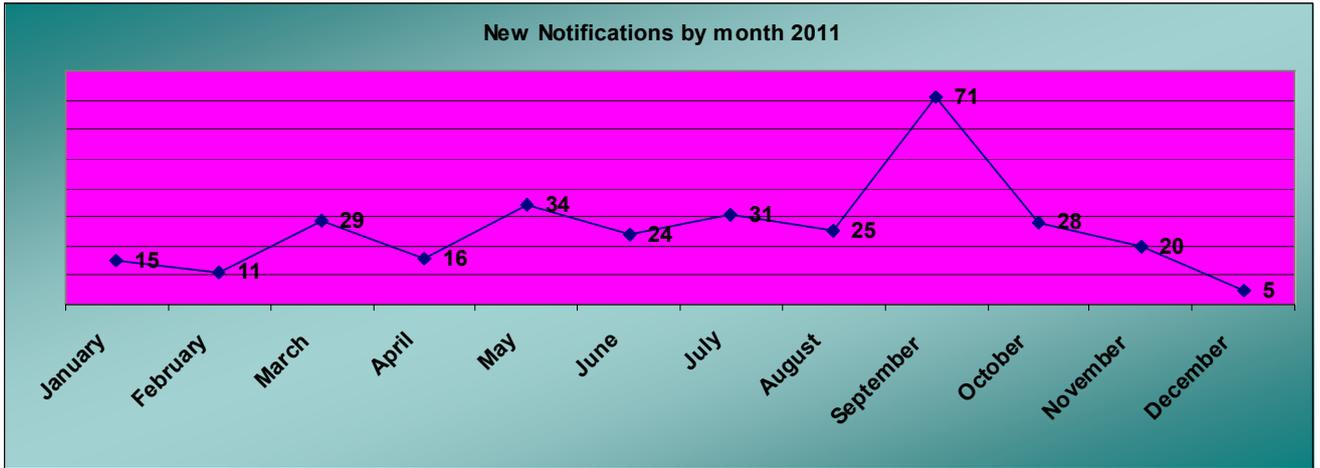
The Public Register (Jersey)

2011 saw the broad spread of notifications remain much the same as it had been for the previous two years, with only a slight rise shown for the finance sector.

The number of new notifications totalled 310 over the year, an increase of 48 from 2010, bringing the total figure to 2140. The new notifications received during 2010 were spread fairly well across the whole year, whereas in 2011 there was a significant spike in September, with 71 new notifications received.

It is conceivable that the project carried out during 2009 and 2010 assisted in generating this increase, however it is also likely that the increase in the profile of data protection through the media and similar publicity combined with our routine pro-activity on notification compliance has also played a part.





The Public Register (Guernsey)

A total of 171 new notifications were received by the Guernsey Data Protection Office. The majority of these were for the finance sector which continues to remain strong in Guernsey, despite the economic downturn.

The Commissioner also received an increased number of voluntary notifications from charities and religious organisations.

The Media

Data protection all too often hits the headlines for the wrong reasons. It is true to say that in the main, such coverage is as a result of either a misinterpretation of the Law or a lack of awareness or appreciation of surrounding issues.

The Channel Islands are no different in this respect, however we are fortunate in such small jurisdictions that misleading or mis-informed articles are few and far between.

The vast majority of local press coverage reflects the work of the Commissioner and the requirements of the Law in a fair and positive light and in such a way that it further enhances the public awareness of data protection requirements and current issues.

During 2011, data protection was the subject of coverage in the local media on many occasions, mostly surrounding the concluding weeks of the first conviction for data protection offences in the Jersey Courts, and the subsequent appeal processes.

International Activities

2011 saw a reduction in international travel, with no European Data Protection Conference taking place.

With the Jersey Commissioner assuming responsibility for both Islands later in the year, further cost savings were made with only one representative from the two Islands attending the International Conference in Mexico City.



Mexico City Cathedral

"Privacy-related problems are as much political and public policy issues as they are legal and technological ones."

Raab & Bennett



Case Study: Home use of CCTV equipment

1

A man installed CCTV cameras outside his house after youths had caused damage to his car and his garden. Some of the neighbours complained that the cameras appeared to be pointing towards a communal children's play area, causing domestic issues between the man and other residents.

Investigation of the cameras established that cameras had been installed and the images were being recorded on a 'motion-sensitive' basis. However, the cameras were directed only at the man's property and did not cover any areas outside his own boundaries.

Individuals are able to utilise such technology for their own domestic purposes, provided the use of such equipment is restricted to their own property and the scope of coverage of the cameras does not extend beyond their own property boundaries. This will ensure any capture of images is done so in a manner compliant with the 1st Principle.

A Code of Practice and Guidance has been published by the Data Protection Commissioner to ensure data controllers, whether individuals or companies, wishing to use CCTV equipment do so in an appropriate manner which is fair, transparent and lawful.

This can include signage, retention policies for recorded images and restrictions on access to images.

The Code of Practice also give advice as to the covert use of surveillance equipment where specific criminal activity is suspected

Case Study: Poor data security: 1

2

A large hotel was having a tidy up of their offices and decided to dispose of a lot of historic paperwork that they no longer needed. Amongst the paperwork was a large number of hotel guest registration cards. These were thrown in a skip which sat on the street outside the back of the hotel.

The weather conditions at the time were poor and the strong winds caused many of the cards to be blown across the street. Clearly, all of the cards contained a lot of personal information including the name, address, date of birth of the guest, plus in many cases their passport number.

The 7th Data Protection Principle requires that a data controller takes appropriate technical and organisational measures to protect personal information from, amongst other things, accidental loss.

These measures will apply to all aspects of processing, including the disposal of the information. Given the large quantity of personal information being disposed of, it is unlikely that the methods of disposal used by the hotel in this instance will be compliant with the requirements of the 7th Data Protection Principle.

It is clear in this case that no regard was given to the public location of the skip, the weather conditions, and most importantly, the information contained on each of the record cards.

Case Study: Obtaining information unlawfully

3

A telephone company employee was approached by a private investigation firm and offered cash to give them copies of billing information about individuals they were investigating.

This is sometimes referred to as 'blagging' and is a criminal offence under Article 55 of the Data Protection Law. The data controller in this case is the telephone company and they had not provided consent for the information to be passed to the Private Investigators.

Organisations can protect themselves to a large extent with robust policies and procedures which explicitly ensure staff members maintain confidentiality and do not pass the information to any third parties.

In this case, both the employee of the telephone company and the Private Investigators themselves could be subject of criminal sanctions through the Courts if found guilty. The maximum penalty for this offence in Jersey is currently an unlimited fine. The employee could also face disciplinary action from their employer which could likely result in dismissal for breaching client confidentiality and the company's data security policies.

Case Study: Poor data security: 2

4

A company was disposing of some old computer and telephone equipment. Amongst the items were a number of old fax machines. All the equipment was passed to another company who offered a recycling service for old communications equipment.

During the dismantling of the equipment, a diligent manager became aware of one employee who was removing the ribbon from a fax machine and was starting to examine it. The manager confiscated the ribbon and examined it himself to discover that it was possible to read what was on it. This particular ribbon contained highly confidential information. Steps have now been put in place to ensure all ribbons are removed from similar machines before the recycling process begins.

This incident highlights the importance of checking all electronic communications equipment to ensure they are cleared of all information before being passed to someone else for disposal or recycling. In the case of computers, that may mean destruction of the hard drive. The organisation disposing of the equipment has an obligation to ensure that any personal data contained on it is securely disposed of. Failure to take sufficient steps to destroy the data before disposal may render the data controller liable to regulatory action for a breach of the 7th Data Protection Principle.

Part 3 – Guidance

17 Guidance notes



Guidance

Guidance notes

One of the important functions of the Commissioner is to produce guidance for the general public and business community as to how the Law and Principles should be applied. This is often achieved by way of Guidance Notes published on the Commissioner's website.

The vast majority of the Commissioner's guidance was published upon implementation of the 2005 Law in December 2005. Since then, a number of further documents have been added to the already comprehensive list of guidance.

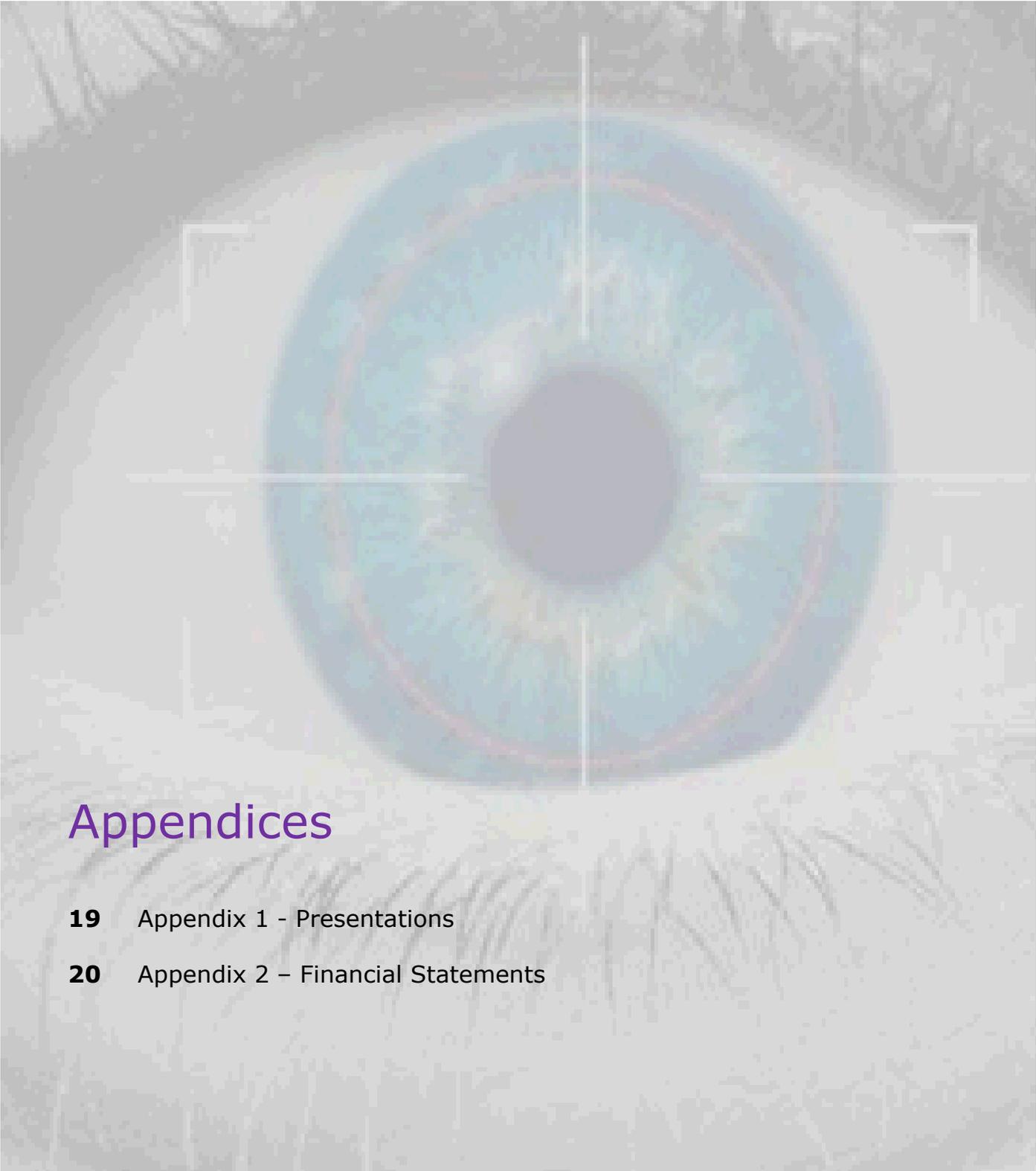
2011 saw the implementation of guidance in respect of the notification of security breaches to the Data Protection Commissioner and guidance on security breach management.

One of the main issues highlighted in 2010 was the use of email for marketing purposes. As a direct result, guidance was also published in this area for data controllers who wish to use email as a media for marketing their customers.

Codes of Practice and guidance on the processing of personal data for credit purposes were also drafted and consulted upon during the course of 2010 and published in the early part of 2011. These Codes will be supplemented by a general overarching Code of Practice for Debt Collection and Credit Reference Agencies in 2012, published by the Trading Standards Department and Jersey Consumer Council.

The lack of any Consumer Credit legislation in Jersey has resulted in a largely unregulated credit reference and debt collection industry. Whereas in the UK, the Consumer Credit Act regulates such industry and provides consistency of operation between Credit Agencies, no such framework exists in Jersey. Over time, this has led to a number of inconsistencies in the operations of Credit and Debt Collection Agencies locally, and the need for a more consistent approach was identified. The Commissioner very much welcomes this further protection for Island residents.





Appendices

- 19** Appendix 1 - Presentations
- 20** Appendix 2 – Financial Statements

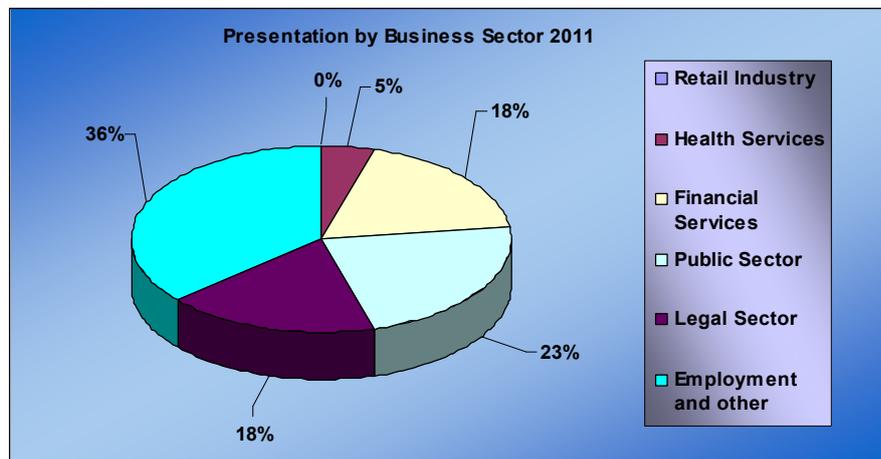
Appendix 1

Presentations

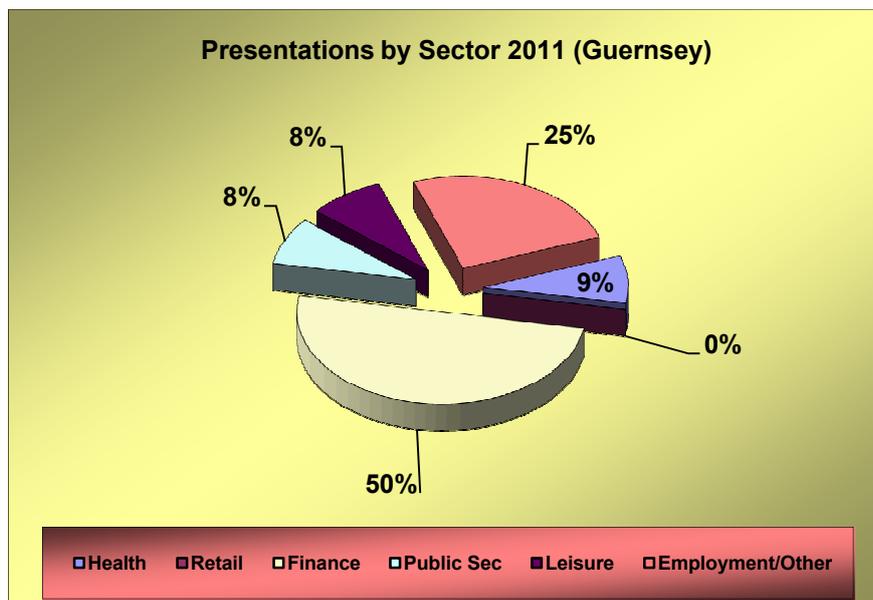
During 2011, a total of 22 presentations were delivered to both public and private sector organisations. The subject matter varied depending upon the needs of the particular organisation, and as well as general overview presentations, the Commissioner and Deputy Commissioner also delivered more focused presentations on subjects such as human resources, e-mail and health issues.

The illustration below shows the split of presentations across the varying business sectors and public bodies.

Presentations (Jersey)



Presentations (Guernsey)



Appendix 2

Financial Statements (Jersey)

Income and Expenditure Account for the year ended 31 December 2011

	Note	£	2011 £	£	2010 £
Income:					
Registry fees			<u>107,700</u>		<u>100,752</u>
Total income			107,700		100,752
Contribution from the States of Jersey			<u>222,400</u>		<u>227,890</u>
Net income			330,100		328,642
Operating expenses:					
Manpower costs:					
Staff salaries, social security and pension contributions	1	296,389		226,934	
Supplies and services:					
Computer system and software costs	2	7,126		3,295	
Pay Offshore admin fees		499		522	
Administrative costs:					
Printing and stationery		1,198		2,782	
Books and publications		2,580		2,500	
Telephone charges	3	384		1,171	
Postage		311		501	
Advertising and publicity		135		408	
Meals and Entertainment		306		31	
Conference and course fees	4	7,573		10,604	
Bank charges		0		0	
Other administrative costs		2,298		5,369	
Premises and maintenance:					
Utilities (incl. Electricity and water)		8,471		9,408	
Rent	5	<u>27,749</u>		<u>28,400</u>	
Total operating expenses			<u>355,019</u>		<u>291,925</u>
Excess of income over expenditure			-24,919		36,717

Statement of recognised gains and losses

There were no recognised gains or losses other than those detailed above.

The notes on the following page form an integral part of this income and expenditure account.

Financial Statements (continued)

Notes to the Financial Statements

1) Manpower costs

During 2011, one member of staff took voluntary redundancy as part of the re-structure of the Jersey and Guernsey Data Protection Offices. A one-off redundancy payment was therefore paid out to this staff member upon their leaving their employment in September 2011.

2) Computer systems and software

This figure has increased significantly since 2010 and is largely due to the replacement of old computer equipment and photocopier.

3) Telephone charges

Telephone charges dropped significantly due to a change in the rental structure for all departments in Morier House.

4) Conference and Course Fees

The Commissioner and her Deputy did not attend either a European or International Conference of Data Protection and Privacy Commissioners in 2011, thus significantly reducing expenditure on travel.

5) Rent

This figure includes a refund of £1,361 following a re-evaluation of floor space used by the office.

Financial Statements (Guernsey)

	Note	£	2011 £	£	2010 £
Income:					
Registry fees			<u>84,699</u>		<u>75,658</u>
Total income			84,699		75,658
Contribution from the States of Guernsey			<u>235,000</u>		<u>231,200</u>
Net income			319,699		306,858
Operating expenses:					
Manpower costs:					
Staff salaries, social security and pension contributions	1	154,177		166,355	
Supplies and services:					
Computer system and software costs		8,111		12,122	
Furniture and office equipment		94		156	
Administrative costs:					
Post and stationery		2,229		2,262	
Printing and publications		1,765		2,346	
Telephone charges		1,626		1,330	
Advertising and publicity		690		690	
Meals and Entertainment		0		0	
Conference and course fees		11,230		9,119	
Other administrative costs		0		0	
Premises and maintenance:					
Utilities (incl. Electricity and water)		6,325		7,232	
Rent		<u>16,918</u>		<u>16,460</u>	
Total operating expenses			<u>203,165</u>		<u>218,072</u>
Excess of income over expenditure	2		116,534		88,786

Statement of recognised gains and losses

There were no recognised gains or losses other than those detailed above.

The notes on the following page form an integral part of this income and expenditure account.

Financial Statements (continued)

Notes to the Financial Statements

1) Manpower costs

The figure is lower for 2011 than 2010 due to the retirement of the Commissioner at the end of September 2011.

2) Excess income over expenditure

The disparity between the accounts of the two Islands are largely as a result of differing accountancy practices, but are also due to the higher operating costs of the Jersey office.



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